

FINANCIAL TIMES

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D 8523 A

Paris-Dakar test of endurance gets even tougher, Page 2

World News

Judge Bork resigns from US high court

President Reagan's defeated Supreme Court nominee Judge Robert Bork has resigned from the Federal bench in a resignation letter released yesterday. The 60-year-old jurist and former Yale professor accused his opponents of a campaign of misdirection.

State of emergency

President Virgilio Barco has declared a state of emergency in Medellin, Colombia's second largest city, citing "monstrous criminal acts" in an apparent war between gangs of drug traffickers.

Iran attacks tanker

Two Filipino seamen were wounded when an Iranian gunboat attacked a Liberian tanker in the Arabian Gulf, the United Arab Emirates.

Iranian pilgrims

Iran, whose pilgrims were blamed by Saudi Arabia for riots which killed hundreds in Mecca last July, would send 150,000 to the 1988 pilgrimage, Tehran Radio said, and they would stage demonstrations "in a more resolute and determined manner than before."

Banks reform urged

Italian Treasury Minister Giuliano Amato called for major changes to state-owned banks saying they were inefficient and unable to respond to market requirements.

Afonso stands firm

President Raul Alfonsin's Government said it would enforce discipline in the Argentine army following threats by officers to resist recent measures taken against a colleague.

Boy on new charge

A 16-year-old English school boy who had been charged with intent to endanger life has now been charged with attempted murder.

Pilots cancel strike

Pilots of Spain's state-owned Iberia airline cancelled a 24-hour strike at the last minute.

Seoul campus riot

More than 1,000 South Korean students threw petrol bombs and stones at riot police on a Seoul campus after a memorial service marking the anniversary of a colleague's death under police torture.

Bribery charges

Ronald Li, 58, former chairman of the Hong Kong stock exchange, was to appear in court charged with corruption.

London flights resume

Returns flights to Paris from London's new City Airport, suspended a month ago over fears about insufficient traffic control, were to resume next Wednesday.

Kampuchea talks

Kampuchean guerrilla leader Son Sann announced he would meet opposition leader Prince Norodom Sihanouk in France before the Prince met Kampuchea Prime Minister Hun Sen, also in France.

Aborigines taunted

Aboriginal protesters clashed in Hobart, Tasmania, with Australian Prime Minister Bob Hawke who taunted the activists by saying it was better to be proud of 200 years of Europeanisation than to be a friend of Libya.

Chinese defy baby rule

China was having a baby boom which could cause a population crisis, the official People's Daily said. It blamed couples who defied a rule of one child per family.

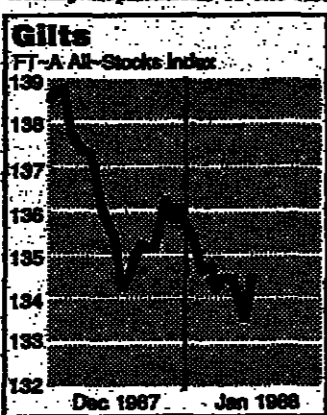
Business Summary

NYSE asks for curb on computer trading

NEW YORK Stock Exchange requested its members to refrain from using its Superdot system, used to execute programs, to trade securities over the Internet. The average should move 75 points or more in either direction. Member firms, many of whom were consulted about the decision, will be asked to comply from today until next Friday inclusive.

ATLANTIC Richfield, US oil company, indicated that it might be considering a counter-bid for UK exploration company Britoil by announcing that it had increased its stake to 23.73 per cent. British Petroleum, in turn, published the terms of its £2.27bn (\$4.14bn) offer. Pages 19; Lex, Page 18

GLITS in London moved higher as investors ignored the inflationary implications of the rise



in UK average earnings. The FT-All Stocks Index rose 0.73 per cent to 1345. Market report, Page 84

HELMUT KOHL, West German Chancellor, rejected French proposals to work towards setting up a community central bank. Page 18

WALL STREET: The Dow Jones industrial average closed at 2,829.16, up 12.85 points from 2,816.31 on Thursday.

LONDON: UK equity market resumed early confidence in the rally to today's US trade data with the FT-SE 100 index ending 10 higher at 1,743.4.

TOKYO: Boosted by the US-Japanese moves to strengthen dollar co-operation, Tokyo share prices rallied strongly. The Nikkei average climbed 278.86 to 22,603.65. Page 8

DOLLAR closed in New York at DM1.6286, FFfr. 6078, SFfr. 2.2061, Y128.05. It closed in London at DM1.6370 (DM1.6355); FFfr. 5.5300 (FFfr. 5.5126); SFfr. 2.1355 (SFfr. 2.1300); Y128.70 (Y128.60). Page 27

STERLING closed in New York at \$1.8305. It closed in London at \$1.8190 (\$1.8250); DM2.9775 (DM2.9800); FFfr. 10.0600 (FFfr. 10.0600); SFfr. 2.4900 (SFfr. 2.4775); Y230.50 (Y231.0). Page 27

FRENCH consumer prices rose by 3.1 per cent in 1987. Page 2

PORTUGAL attracted 152 per cent more investment in 1987 than the previous year. Page 4

SWITZERLAND published details of its direct investments in other countries for the first time, which amounted to SF2.98bn (\$41.7bn) at the end of 1986. Page 4

TAIWANESE Parliament has passed a revised securities and exchange law which allows new stock brokers to be established and foreign brokers to open local branch offices. Page 20

INDONESIA is to introduce a revolving underwriting facility to fund the credit requirements in the business sector. Page 20

BAYER, West German chemicals company, is seeking damages against Evans Medical UK drugs manufacturer, which it alleges is breaching its patent on the Adalat heart drug. Page 19

TELADO, US oil company facing a bankruptcy case, may have to pay up \$5.5bn in back taxes. Page 19

Nigeria's creditors accept \$3.25bn trade debt package

BY PETER MONTAGNON AND MICHAEL HOLMAN IN LONDON

A MAJORITY of Nigeria's commercial creditors yesterday agreed in favour of a controversial scheme to reschedule some \$3.25bn in unpaid trade debts over the next 22 years.

However, the vote, cast amid unprecedented security conditions at the Wembley Conference Centre in London, was immediately challenged by Confidential Recoveries, a Hong-kong-based group of creditors, which said participants had been subject to intimidation because details of the vote would be available to the Nigerian authorities.

Creditors holding promissory notes worth \$2.5bn of the outstanding debt voted in a show of hands at the two-hour meeting 248 in favour to 112 against.

However, this remains subject to a further count to confirm that the votes in favour represent the required 66 per cent majority by value.

If the rescheduling plan, which covers uninsured supplier credit stretching back to the early 1980's, goes ahead, Nigeria will have overcome another major obstacle to economic recovery.

The country's military government has already reached

rescheduling arrangements with commercial banks and official export credit agencies, allowing it to restructure a large part of its \$25bn external debt.

Creditors at the meeting described the atmosphere as orderly and resigned.

No one spoke in favour of the plan but the vote reflected the conclusion that little was to be gained by rejecting the terms offered.

Senior representatives of the Nigerian Central Bank denied that the terms were unfavourable compared to those accorded to commercial banks and official creditors.

Unlike the commercial creditors, both of these are expected to make new loans available to Nigeria.

Chief C. Nwagwu, the most senior official present, said the scheme offered the "most practical and affordable option".

"If there is an improvement (in the country's economy), Nigeria would assuredly accelerate repayment," he continued.

However, creditors leaving the meeting said they were concerned at an announcement by its chairman, Mr Bill Clark of the Law Debenture Trust Corporation, that the Central Bank

would have access to the names of those that voted against the plan.

Mr John Krzyzkowski of Confidential Recoveries said this meant the vote should be declared null and void.

"We are contemplating an injunction right now to restrain the Electrical Reform Society, Chase Manhattan and the Trustees from giving any information to the Nigerians except the actual voting figures," he said.

The Electrical Reform Society was last night checking the ballot papers to calculate the monetary value of the votes cast.

Chase Manhattan has been helping the Nigerian Central Bank to reconcile claims made by creditors with records held in Nigeria itself.

The Trustees for the Debt Law Debenture Trust which organised the meeting.

Officials of the Law Debenture Trust were not available for comment on Mr Krzyzkowski's statement last night.

Among other complaints raised by creditors after the meeting was a revelation by Mr Clark that a group of US corporate creditors had been paid

Lawson urges US to cut deficit in support of \$

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MR NIGEL LAWSON, the UK Chancellor of the Exchequer, yesterday stepped up pressure on the US to raise interest rates and to cut its federal budget deficit to back up its renewed commitment of the past 10 days to supporting the dollar.

He was speaking during a House of Commons debate on the autumn economic statement, during which he announced that the Budget would be on Tuesday, March 15.

While presenting an optimistic view of the economic prospects for Britain, Mr Lawson said he would not hesitate to act if he judged there was a risk to the dollar's long-term stability.

Mr Lawson was strongly pressed to increase spending on the National Health Service, both by Mr John Smith, Labour's Shadow Chancellor, and by Mr John Biffen, the former leader of the Commons who urged an expansion of health resources equivalent to between 1p and 2p off the basic rates of income tax. This amounts to between \$1.5bn and \$2.5bn in a full year.

The central theme of Mr Lawson's speech was the urgent need for the US to do more. He

said the current strength of the world economy provided a breathing space to get on to a more sustainable footing.

While some of the necessary steps had already been taken, he said more action needed to follow. Provided the right policies were put in place and pursued, "although there may be some slowdown in world economic growth, I am confident we can avoid the twin dangers of inflation and recession".

In particular, he criticised US attitudes towards the dollar at the end of last year and strongly welcomed the renewed commitment to supporting the dollar by the US authorities since then.

Mr Lawson said that US attitudes towards the dollar at the end of last year and strongly welcomed the renewed commitment to supporting the dollar by the US authorities since then.

But he said it was "idle to suppose that official intervention on its own, even when it is co-ordinated internationally and involves full US participation, would not be sufficient to address the dollar's deficit to a tolerable level."

Any reduction of the current account imbalances would, he stressed, depend on domestic demand in the US growing more slowly than in Japan and West Germany for some years.

Mr Lawson reaffirmed his view that there are "clear advantages in a more managed approach designed to prevent the wild gyrations of recent years, particularly in the dollar, and in so doing achieving greater international co-operation in economic policy more generally."

Scepticism on US dollar policy, Page 4; Economics, Page 27; World Stock Markets, Page 38.

W Germany struck by fresh nuclear industry allegations

BY DAVID MARSH IN BONN

A SCANDAL over irregularities in the West German nuclear industry took a dramatic twist last night with new allegations that material capable of making nuclear bombs had been sent illegally from the Federal Republic to Pakistan and Libya.

Mr Klaus Toepfer, the Bonn Environment Minister, said last night that if the "terrible suspicion" proved to be correct, it would add a further dimension to months of investigations by state prosecutors into the Hanau-based Transnuclear atomic waste transport company.

He said he could not rule out that irregularities at the company, which up to now have centred on suspicions of corruption and infringement of safety regulations, had also included diversions of fissile material abroad.

The allegations, if proved to be correct, would represent a

politically explosive infringement of the Non Proliferation Treaty.

The Environment Committee of the Bundestag was called to a special meeting last night to hear a report by Mr Toepfer on the allegations.

This came after a Bonn Government decision earlier in the day to order the operations of the parent company of Transnuclear pending the completion of inquiries.

The parent company, Nukem, dealing with nuclear fuel cycle technology at a large atomic industry site at Hanau near Frankfurt, will have its operating licence withdrawn under the procedures of the country's Atomic Law on the grounds that it knew of irregularities at Transnuclear as long ago as last summer, but failed to inform the authorities.

The closure decision was taken by Mr Toepfer, who has responsibility for reactor safety. He yesterday ordered the federal state government, which has formal responsibility for Nukem and Transnuclear, to withdraw the operating licence.

Because of exceptional public sensitivity over nuclear energy in the Federal Republic, this step would not be sufficient to deliver a further powerful blow to the already low confidence in the atomic industry.

The Transnuclear controversy has added considerable strength to the campaign of the Opposition Social Democratic Party (SPD) and the Greens for a fundamental move away from nuclear power.

The Christian Democrat-led coalition in Bonn has up to now taken a firm pro-nuclear line.

Lionel Barber reports from Washington on the public response to events in Gaza and on the West Bank



A Palestinian kisses UN special envoy Marrack Golding, who has now extended his visit to the occupied territories

US views Israel's 'deadly embrace'

THE RECURRENT violence in the Israeli-occupied West Bank and Gaza Strip has become a familiar, if depressing, image on the American television screen.

Scarcely a night passes without an earnest presenter reciting the latest Palestinian death toll, or television footage appearing which, more often than not, points blame at Israeli soldiers.

The damage wrought by this pictorial bombardment has not been lost on the Israeli Government which has finally sought to curb the cameras, official protests notwithstanding.

Of more immediate interest to Israel is whether the overwhelmingly negative images of the past month will prove more than a short-term public relations disaster in the US, which remains its closest ally.

Throughout the past 30 years, public opinion in the US has been notably consistent in its sympathy for Israel: the image of a beleaguered, democratic state - "the island of courage in a sea of aggression" - has proved remarkably resilient.

Support for Israel has assumed permanency in the US foreign policy consensus. Yet that support in turn has been sustained by America's Jewish community which, through its cohesiveness and dynamism, has successfully promoted the cause of a Jewish homeland free from Arab aggression. How the events in the occupied territories play out in the internal debate among America's Jews could therefore have an important impact on public opinion and public policy in the US.

Even before the riots in the occupied territories erupted, several prominent Jewish leaders had publicly voiced doubts about the Israeli Government's policies in the occupied territories. Last September, for example, the American Jewish Congress urged Jerusalem to consider new formulas for ending rule of the territories. "We see it as a deadly embrace," said Mr Henry Siegman, the executive director.

Mr Siegman regards the Gaza uprising as a new phenomenon quite unlike the PLO-backed terrorist acts which have aroused sympathy for Israel in the past. "Israel has not dealt with this sort of open revolt before... it is clear that the continuation of the status quo is going to exact a horrendous price."

Like several other liberally inclined American Jewish leaders, Mr Siegman supports the forum of an international peace conference to tackle the problem.

However, the move appeared to confirm a recent toning down of American criticism of Israel.

The US was attacked by Israel for supporting a resolution last week asking Israel to desist from deporting Palestinians.

Little heed has so far been taken of his call, but it is this which appears to have triggered the move against him.

Mr Siniors was later released on bail.

In a parallel move in Gaza, the military authorities rounded up three respected civic leaders, who were later released after questioning.

The Gaza Strip was quiet for much of the day, with seven of the eight large refugee camps in the territory under strict curfew.

However, during the afternoon disturbances broke out in part of the Jabalya camp, scene of much of the worst violence of the past five weeks.

Local residents said a 14-year-old boy had been killed by army fire.

Across Israel in the West Bank, a 30-year-old man died under mysterious circumstances on an army firing range in the Judean Desert.

A spokesman said the army was investigating.

If it is confirmed that the two died as a result of the army's action, the unofficial toll of fatalities will have reached 99.

Israel was asked in the UN vote to return the deportees to their homes and not to expel any more Palestinians.

Gen Vernon Walters, the chief US delegate, explained his abstention by saying that to raise the matter repeatedly in the 15-nation Security Council did not assist the process of restoring calm.

However, the move appeared to confirm a recent toning down of American criticism of Israel.

Continued on Page 18

Drivers Jonas Delivers Deals on Business Parks

The Markets Group Business Space Team has acquired a 240,000 sq.ft. corporate office headquarters and computer centre at Windmill Hill Business Park, Swindon on behalf of Galileo Distribution Systems.

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MERGER TO DEFY THE MAINSTREAM IN QUEST FOR SUCCESS

Asea Brown Boveri chief Percy Barnevik, who is aiming at market dominance, Page 20

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EUROPEAN NEWS

UK dairies threatened by Europe milk quota

From Tim Dickinson in Brussels
ABOUT 25 per cent of all butter-making capacity in England and Wales is being forced to close because of the European Community's increasingly tough regime to control milk production...

Daimler-Benz chief calls for pay freeze

BY ANDREW FISHER IN FRANKFURT
WEST GERMANY'S gloomier economic outlook yesterday prompted a controversial call for a pay freeze and, if necessary, a cut in wages from Mr Edzard Reuter, chairman of Daimler-Benz, Germany's largest industrial group...

Ryzhov calls for talks on Atlantic

SOVIET Prime Minister Nikolai Ryzhov said yesterday that military activity should be banned in large areas of the Atlantic and other northern seas and called for a meeting of NATO and Warsaw Pact experts to discuss the idea...

Swiss rates fall

Swiss interest levels continued their decline yesterday when the country's four leading banks cut time-deposit rates to their lowest point in over eight years, writes John Weeks in Zurich...

Moscow complains US data on missile destruction is 'bad'

THE SOVIET UNION said yesterday that there were problems about US photographs of missiles due to be scrapped under terms of the Intermediate Nuclear Forces (INF) signed in Washington last month, Reuter reports from Moscow...

under the treaty, showed the weapons as shorter than Soviet data had suggested. Mr Gerasimov said Soviet officials had told the US yesterday that the Soviet missile was photographed without a "connecting compartment" that connects the front section to the hull...



Hunger strikers in Paris give victory signs after yesterday's about turn

French U-turn on expulsions

BY IAN DAVIDSON IN PARIS
THE FRENCH government yesterday surrendered to domestic and international pressure and reversed its decision of last month to expel 15 opponents of the Iranian regime...

Paris have been on hunger strike. Other sympathisers have staged hunger strikes outside the French embassies in Washington and London. By the beginning of this week hunger strikers in Paris had seven in hospital. Yet only on Monday, the 36th day of the hunger strike, Mr Jacques Chirac, Prime Minister, said there could be no question of going back on the decision...

Hopes rise in Barents Sea dispute

BY KAREN FOELL IN Oslo
MR NIKOLAI Ryzhov, the Soviet Prime Minister, said yesterday that his government is more optimistic about a solution to the dispute following agreement between Mr Ryzhov and Sweden on Wednesday over boundaries in the Baltic. But there are major strategic issues, including the entry into Norway's NATO allies, which could hamper a similar deal over the Barents...

Chirac to announce candidacy

PRIME MINISTER Jacques Chirac will make an early announcement of his candidacy for this spring's presidential elections, former President Valéry Giscard d'Estaing said yesterday, Reuter reports from Paris. Mr Giscard d'Estaing said the conservative leader unveiled his plans at a hastily arranged meeting during which the two allies discussed the campaign. Every one has advantages, everyone gains. There is no anti-American hostility, he said...

Azores seek added aid for US base

PORTUGAL wants more aid from Washington for US use of a key military base on the Azores, the head of the islands' regional government, Mr José Mota Amaral said yesterday, Reuter reports from Lisbon. But Mr Mota Amaral told reporters the American military weakness in the government's Lajes base in Terceira, one of the mid-Atlantic archipelago's nine islands. "It is in the interest of both countries to maintain the base. Every one has advantages, everyone gains. There is no anti-American hostility," he said...

Hungary's veteran party leader under pressure to resign

MR JANOS KADAR, the 75-year-old Hungarian leader, will face pressure from Communist Party officials to step down after 31 years in power at a special Communist party conference to be held in the first half of this year. The officials, however, are sceptical that Mr Kadar will agree to relinquish the post of party general secretary although his stature within Hungary has greatly suffered in the past year. Mr Kadar's long standing policy of gradualism is being blamed for most of the nation's acute economic problems as well as the widespread mood of despondency among Hungarians...

Asked where, he said in a power station or at airport receptions. "I could wave there. I can kiss very nicely. At any rate, comrades I can kiss you one thing; I shall not leave you orphaned. I have ensured a replacement. Over many years I have trained the expert whom you can trust, who will carry the cause forward."

Pressed as to who the successor will be, the fictional Mr Kadar replied: "Who comes after me, Comrade Debelag."

Reshuffle at Italian steel group

FINSIDER, the holding company for the Italian state-owned steel industry, yesterday announced a reshuffle of top management at most of its main operating groups. Although no senior manager is leaving and most are hopping from one group to another, Finsider is presenting the changes as part of its long awaited recovery plan. With last year's losses expected to have been at a near-zero level, Finsider's new strategy is expected to be delivered to the board of directors, which oversees most of Italian public industry, at the end of next week. The most significant change is the top Dr Balader, the largest operating company and long-maker where the president and managing director, Mr Michelle Cavallero and Mr Sergio Noco, will make way for a single executive president, Mr Giorgio Bassano. Mr Bassano is currently Finsider's director general and has played a key role in formulating the recovery plan which involves 25,000 job losses, plant closures and sales to the private sector. Mr Cavallero will take over as president of the steel plant manufacturers tubes and pipes, where the managing director will be a former Montedison manager, Mr Ulrich Duden. The new managing directors at the special steels (Terra (flat steels)) will be Mr Ottavio Lecis and Mr Attilio Angelini.

French prices rise by 3.1%

FRENCH consumer prices rose 3.1 per cent last year, a higher rate than 1986 when falling oil prices kept inflation at 2.1 per cent. But with December's rise of only 0.1 per cent, the figures yesterday from the State Economics Institute, Insee, showed inflation remaining at the slow pace of the first 11 months. The Finance Ministry said that if energy costs were excluded, last year's inflation was the lowest in France for 15 years. Officials said that over the last ten months, excluding sharp rises seen a year ago in some service sectors after the abolition of most price controls, inflation has been running at an annual rate of around 2.5 per cent, in line with the government's budget forecasts for 1987.

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Paris-Dakar rally loses its way as the going gets tougher

George Graham reports on a sporting event which has become an endurance test

IN THEIR matching white jumpsuits and pale blue bomber jackets, the organisers of the Paris-Dakar rally look like elite assault troops campaigning in the Saharan sands. And like a military campaign, the rally - a three-week slog across the deserts of Algeria, Niger, Mali, Mauritania and Senegal - has its casualties. This year, at the half-way stage, the tally stands at two deaths, two probable quadruple amputees and a string of broken legs, wrists and ankles. Perhaps the most serious injury is the smashed ribcage of a mechanic who was run over as he lay asleep on the ground in the rally bivouac. There are also reports of a competitor killing a child spectator on the arrival of the race earlier this week in Niamey, the capital of Niger. The deaths have fuelled the polemic over a 10-year-old event which, if it has not yet lost its way, is at least having trouble maintaining its uncomfortable balance between motor race and Saharan adventure. Apart from the safety aspect, the rally also leaves a sour taste in the mouths of many who see it as an unsavoury



France
parade of Western wealth in some of the world's poorest countries. Eating fole gras and drinking champagne in Niger - which has a national income per capita of around \$200 a year - is conspicuous consumption by any standards. Yet the inhabitants of Tamanrasset, in the Hoggar mountains of Algeria, appear profoundly indifferent to the race caravan that passes through once a year, while

their Tuareg cousins over the border in Agades seem to find the race a good excuse for a festival, as well as a marvellous sales opportunity for their silver and leather crafts. Still overshadowed by the ghost of their founder Mr Thierry Sabine, who was killed in an air crash during the race two years ago, the Paris-Dakar rally is now dominated by the huge professional teams of automobile constructors such as Peugeot, Yamaha and Mitsubishi. This year, as in 1987, the race leader is Mr Ari Vatanen, the Finnish rally driver, driving a Peugeot 405. Second is Mr Juha Kankkonen, another Finn, in a Peugeot 205 that is virtually identical to the 405. They are backed up by a 60-strong team of mechanics, cooks and doctors. Some of the rally organisers feel that the 400hp turbo-charged Peugeots are largely responsible for increasing speeds in the race and thereby decreasing safety. Unlike other rallies, the support trucks must follow the same route as the race drivers. After a stage of up to 1000km the trucks often roll in well past midnight and must then

set to work on their leaders' cars before setting off again the next morning to do it all over again. For the amateur drivers with little or no back-up, the chances this year were reduced by a crashing first stage which eliminated all but the best of the support vehicles. After a week, little more than a third of the 600-odd starters were still in the race. If drivers lose their support, they have to do their own repairs, queue for two hours at the only petrol pump in Tamanrasset and then for another two hours at the food tent. The slightest mechanical failure means elimination. "The start of the rally was too difficult this year, not for us but for the amateurs," said Mr Vatanen this week. "It is unreasonable. They realise that not many of them will get as far as Dakar anyway, but at least let them get to the finish line. You are not supposed to be here to torture yourself." For Mr Gaston Rahier, a Paris-Dakar veteran and leader of the Suzuki Marlboro motorcycle team, the course mapped out by the rally organisers this year has been superb, but distinctly

more difficult. "We must rethink the race, make it more human. The support teams, for instance, who often have to drive 24 hours non-stop, let them form into groups, let them get on with their work." But if the drivers, both professionals and amateurs, think they know what must be done to keep the rally faithful to the Sabine spirit, back in Paris the power struggle is elsewhere. Mr Christian Bergelin, the French sports minister, has said that there will have to be limits on next year's race. More ominously, Mr Jean-Marie Balestra, the powerful-hungry chairman of Fisa, the international motor sports federation, has grasped the opportunity to increase his hold over the Paris-Dakar race. But the rally continues to exert a powerful lure over its veterans and over a band of brave but lusty amateurs who dream that next year, perhaps, they will test themselves. It may be more difficult to sustain the interest of the French public, which is less prepared to give the benefit of the doubt to the current Paris-Dakar rally management.



1988 Paris-Dakar Rally

For Mr Gaston Rahier, a Paris-Dakar veteran and leader of the Suzuki Marlboro motorcycle team, the course mapped out by the rally organisers this year has been superb, but distinctly more difficult. "We must rethink the race, make it more human. The support teams, for instance, who often have to drive 24 hours non-stop, let them form into groups, let them get on with their work."

OVERSEAS NEWS

Li faces charge of corruption in HK court today

BY DAVID DODWELL IN HONG KONG

MR RONALD LI, former chairman of Hong Kong's Stock Exchange, was due to appear in court this morning charged with corruption linked to stock exchange transactions.

Details of the charge have yet to be released, but result from a four-month inquiry into stock exchange operations that led to the arrest of Mr Li and two exchange officials almost two weeks ago.

Hong Kong's powerful Independent Commission Against Corruption has moved at breathtaking speed to draw up charges against Mr Li since his shock arrest on January 2.

This is seen as a clear reflection of political pressure on the Government to be seen to be sweeping clean after a stock market collapse in October that exposed flaws in the exchange's management and damaged Hong Kong's reputation as a leading world financial centre.

A brief statement from the commission said yesterday that Mr Li had been charged with an offence under Section 9 of the Prevention of Bribery Ordinance. This section deals with



Li charged today

matters such as the illegal soliciting or acceptance of advantages and false accounting. The arrest of one of Hong Kong's richest and most powerful business figures has drawn fresh international attention to apparent failures in the regulation of the territory's securities industry.

Taiwan faces life without a Chiang

BY BOB KING IN TAIPEI

IN TAIPEI'S shops and offices, it was business as usual yesterday, just one day after Taiwan's popular president, Chiang Ching-kuo, died suddenly of a heart attack.

But business as usual was not without its sadness - or even tears. Businessmen said that their staff reported to work as usual - but with an air of grief. Even the woman from the gas company, who came to my door to collect the month's rates, seemed unusually red around the eyes. In short, the Taiwanese seemed to be soldiering on.

But it must have come as a shock to many that suddenly, after almost 40 years, there was a lesser Chiang at the helm, and that the president they credited with having created the "Taiwan miracle" would no longer be around.

Shock and grief aside, people seem to be instinctively giving the newly sworn-in, Taiwan-born president, Mr Lee, born 65 years ago today, is hardly the strong man many people feared might follow Mr Chiang. With a degree in agricultural economics from Cornell University in the US, a considerable fluency

in English, and a genial and outgoing nature, he seems exactly the sort of person to carry on Mr Chiang's programme of reforms. Also, Mr Lee will have Mr Chiang's former team of reform-minded allies (as well as some of his adversaries) with him as he begins his presidency. As for the Republic of China's first Taiwanese president, he is likely to have little emotional baggage vis-à-vis the China mainland that could distract him from further reforms and liberalisations.

Editorial comment, Page 22

De Klerk rally broken up

AFRIKANER passions flared in the Transvaal farming town of Standerton on Wednesday night when some 200 members of the neo-Nazi Afrikaner Weerstandbeweging (AWB), broke up an election meeting chaired by Mr F W De Klerk, the Transvaal leader of South Africa's ruling National Party, Jim Jones reports from Johannesburg.

The AWB supporters showed down Mr De Klerk and scuffled with 400 NP supporters for about half an hour until police used tear gas to break up the fighting. To add insult to injury, the minister's meeting was again disrupted shortly afterwards when lightning struck an electric pylon and blacked out the meeting hall.

Mr De Klerk had been billed to speak in favour of his party's candidate in a coming by-election. In last May's general election the ultra-right Conservative Party won the Standerton seat with a large majority but its victory was disallowed by the Supreme Court.

The coming by-election is expected to indicate whether white voters have continued to abandon the National Party and maintain support for the Conservative Party.

Roger Matthews reports on the prospect of a worsening conflict for Western media Singapore takes on the 007 journalists

THE PROBABILITY of a worsening conflict between the Singapore Government and part of the Western media was clearly signposted more than 18 months ago.

In a colourfully controversial speech to resident foreign correspondents, Mr S Rajaratnam, long ago a member of the profession but now senior minister in the office of Prime Minister Lee Kuan Yew, announced his discovery of the James Bond school of journalism.

Its disciples were apparently to be identified, said the minister, by their belief in the 007 journalistic licence to destroy the reputation of leaders and governments in the region.

Two British examples of this breed cited by the minister were Mr Donald Treford, editor of the Observer, and Mr John Pilger, formerly of the Daily Mirror.

He said that it was in anticipation of a possible coming conflict with the JBAs (James Bond Journalists) that the Government had moved to safeguard Singapore by amending the Newspaper and Printing Presses Act in August 1986.

Under the terms of the amended Act, the Government has the power drastically to reduce the circulation of a publication which it judges to have meddled in the domestic politics of Singapore.

Those so far found guilty under the Act have been some of the best-known and gener-

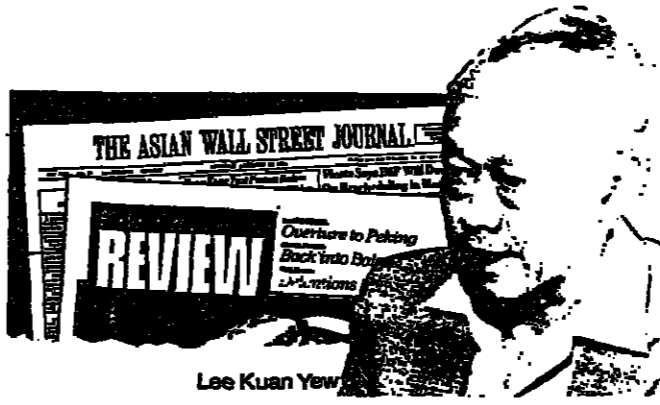
ally well-regarded publications in the region: Time Magazine, the Asian Wall Street Journal, Asiaweek magazine, and most recently, the Far Eastern Economic Review. The resident correspondent of the Economist newspaper was dealt with outside the terms of the Act. He was banned last year from speaking to officials for allegedly suggesting a split in the cabinet.

Time Magazine, having had its circulation chopped from 18,000 to 2,000 for refusing to print in full a letter of rebuttal from the Government, has now had the sanction lifted; the Asian Wall Street Journal is pursuing the issue through the courts, while the Far Eastern Economic Review has announced that, rather than see its circulation cut from 9,000 to 500, it will not circulate any

copies at all in Singapore. Mr Lee Kuan Yew is also suing the Review for libel and already has a case pending against the Sunday Star in neighbouring Malaysia.

The Government has sought to maintain throughout that it is not denying the freedom of Singaporeans to read what they wish, but rather that it is seeking to prevent foreign publications from profiting financially by writing and circulating inaccurate stories about Singapore.

Accordingly, it makes those publications available at public libraries where readers may also photocopy articles in which they are interested. So anxious is the Government to maintain this principle that it is planning to counter the decision of the Far Eastern Economic Review not to make any copies available in Singapore by pass-



Lee Kuan Yew

for a long period. In Singapore there is just one opposition MP in a House of 78 members. The Business Times did, in October 1986, describe the action against Time Magazine as regrettable and more often encountered in "much less mature, or sinner, societies." But it did not subsequently repeat the argument.

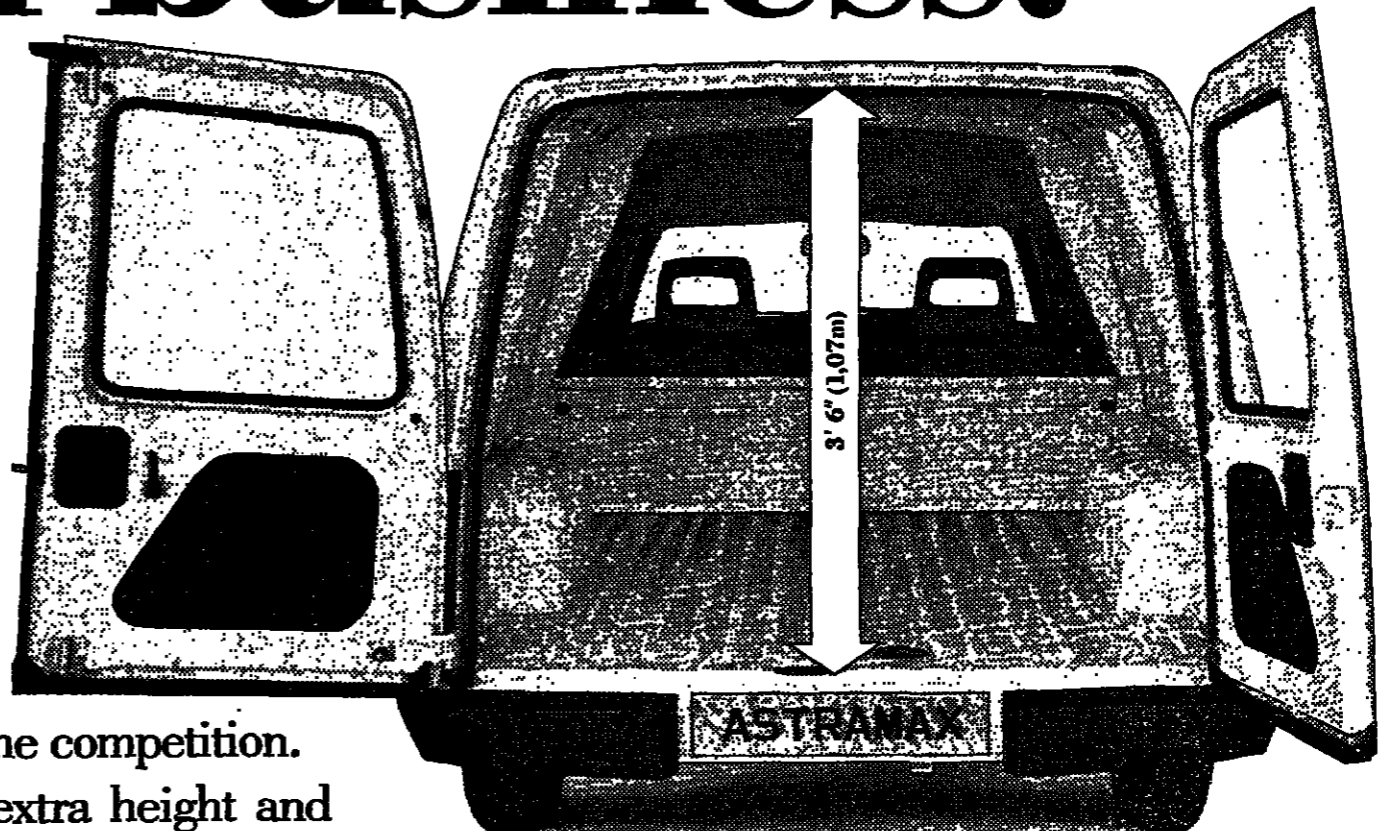
The US Government also regretted the Singapore Government's action, but what no Western government or publisher can deny is the right of a sovereign government to do whatever it wishes in a democracy so long as it enjoys the support of the electorate.

Although the issue of foreign publications in Singapore is unlikely to figure prominently on the list of topics to be considered in the run-up to the general election expected later this year, the Government's attitude towards them may contribute to the perception the voters have of their current representatives.

In 1984 the ruling People's Action Party's share of the popular vote dropped by over 13 per cent. It was felt even by some of its own members to have partially lost touch with the electorate.

Whether it has regained that ground will not be known for some months, but the election results will probably be awaited with as much interest by some of the journalistic James Bonds as they are by the Government.

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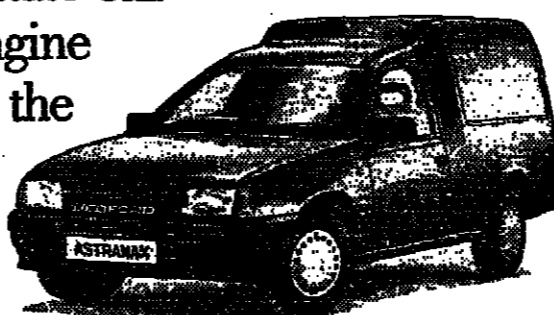
All factors that look

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Troops take dislike to press in Gaza

ISRAEL, while avowing freedom of the press, is making it increasingly difficult for news media to cover unrest in the occupied West Bank and Gaza Strip, according to journalists and cameramen. Eastern reports from Tel Aviv.

The constraints include widespread curfews, the imprudent declaration of closed military areas and, in some cases, threats and physical assaults on journalists.

The restrictions reflect Prime Minister Yitzhak Shamir's view that Western media coverage of the riots in which Israeli troops have shot dead at least 37 Palestinians, has been biased.

"All soldiers hate the press now," an officer in the army spokesman's unit said this week.

Soldiers beat up Israeli photographer, Mr Amir Weinberg, took his film and broke his cameras last Saturday after they caught him taking pictures of troops hitting a Palestinian. An officer earlier ordered another soldier to seize the cameras of Reuters photographer, Mr Spiros Mantzalis who

was taking pictures of demonstrators clashing with troops outside the UN building.

On several occasions this week, troops have levelled guns at journalists photographing arrests or patrols in areas officially open to coverage. But Israel denies any intention to impose a South African-style blanket ban on coverage of unrest.

"There is no general policy to exclude the media from the territories," said Major Offra Press, the army's foreign press liaison officer.

Palestinians in the occupied territories have generally welcomed the foreign media, but several press cars were attacked this week because protesters suspected they were being used as a cover by Israeli security forces.

An Israeli security source has confirmed undercover agents from an army unit were travelling in the Gaza Strip disguised as journalists. But an army spokesman would only say the army had its own camera crews working in Gaza to collect evidence against rioters.

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The tragic and untimely death of David Watt in March 1987 robbed the country of a man widely regarded as one of the outstanding writers, thinkers and political commentators of our generation.

The David Watt Memorial Prize is being introduced and administered by RTZ to commemorate his life and work. Those eligible for an annual prize of £2,000 will be writers who are actively engaged in writing for newspapers and journals, in the English language, on international and political matters. They will be those whose writings are judged to have made outstanding contributions toward the clarification of international and political issues and the promotion of greater understanding of such issues.

The closing date for entries and nominations in 1988 is 1st March. For full details, please write to: The Administrator, The David Watt Memorial Prize, RTZ Limited, 6 St. James's Square, London SW1Y 4LD.

AMERICAN NEWS

Financial Times writers report on scepticism about US policy towards the dollar

Deal with Japan leaves Washington playing cagily

BY ANTHONY HARRIS IN WASHINGTON

"IT'S NO USE," an uncle of mine used to sigh when he was baffled, as he often was. "You can't unscrow the inscrutable."

The deal announcement yesterday that the Americans and the Japanese have reached an agreement which will make more yen available to the US Treasury for currency market intervention has been greeted by scepticism.

or simply a detour for raising interest rates. Academic opinion in Washington is still sharply divided over the exchange rate.

national income into the trade balance; but this will take several years - perhaps as many as 10. For the present, real exports are growing at a rate in the low teens, imports have slowed sharply.

Since the Administration's timetable runs out in November, the case for stability is very appealing. If the markets no longer fear that the dollar will be undermined from Washington, and see a stronger trend (though possibly not in the figures which will appear later today) the dollar could float quite buoyantly. A self-supporting dollar would

cancel the Wall Street bond market, and take the pressure off interest rates. The question which will still puzzle the markets, though, is how the Administration will react if this ideal scenario goes wrong. Up to now it has reacted by letting the dollar slide rather than tighten policy.

EC, Gulf states likely to sign accord soon

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN Community officials expect to sign a co-operation deal with the six member-states of the Gulf Co-operation Council within the next month, paving the way for talks on trade concessions.

US told to raise interest rates

BY LIONEL BARBER IN WASHINGTON

MR ONNO RUDING, the Dutch Finance Minister and Chairman of the International Monetary Fund policy-making Interim Committee, yesterday strongly urged the US to raise interest rates to help stabilise currency exchange rates.

rowly lost the race for the managing directorship of the IMF last year, said he was very disappointed by the Group of Seven industrialised countries' failure to live up to their pledges on currency stability over the past 12 months.

Mr Ruding said the US should not have to replenish its stock of SDRs for several years in line with the rules of the IMF. He had not got the impression, however, that the US wished to extend the arrangements on SDRs to other countries such as West Germany.

Turning to the April meeting of the IMF Interim Committee, Mr Ruding said he thought members would devote special attention to volatility in currency markets. The 37 countries had failed to keep their commitments made under the Louvre Accords last February and in subsequent joint communications.

THE SUMMIT agreement on exchange rate stability between President Ronald Reagan and Prime Minister Noboru Takeshita of Japan was seen in Tokyo yesterday as a sign of a renewed commitment by Washington to support the US dollar.

These funds could be raised by extending the existing arrangements between the US Federal Reserve and the Bank of Japan to swap currencies and, more significantly, by the US issuing so-called Reagan bonds - foreign currency bonds modelled on the Carter bonds issued by former President Jimmy Carter in a 1978 dollar crisis.

The day an oil slick came to town and Sistersville hoarded the water

SISTERSVILLE was ready. For a week supplies of bottled water had been being pumped into the tiny West Virginia town.

cover the cause of the massive spill, the largest to have washed its sticky way into the Monongahela and Ohio rivers.

difficulties over accusations of illegal dumping to State officials and some drastic miscalculations in selling the company's oil and gas reserves at the wrong time, Ashland is in particularly healthy shape.

AFTER intense lobbying by the government, embattled Brazilian President Jose Sarney's chances of remaining in office through 1989 have brightened considerably, according to political analysts.

Sarney's survival chances improve

The conservative president came to power in March 1986 in a landslide. He had gathered the signatures of 317 congressmen backing a five year term for the president.

foreign bankers anxious to reach agreement with Brazil on terms for repayment of its foreign debt would prefer to see a new government in place.

New York law firm to open office in Moscow

COUDERT BROTHERS, a leading New York-based law partnership, is to become the first foreign law firm to establish an office in the Soviet Union.

Gorbachev to visit Latin America

MR MIKHAIL GORBACHEV, the Soviet leader, is to visit Latin America in October and could go to as many as eight countries.

So far, Uruguay is the one country which Mr Gorbachev will definitely visit.

Argentina, Brazil, Cuba, Mexico, Nicaragua, Peru, Venezuela. It is thought unlikely he will be able to fit all these into one trip.

December US retail sales up 0.7%

US RETAIL sales rose 0.7 per cent in December, the biggest increase in four months, on the strength of an increase in car sales.

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Seoul seeks more trade with communist nations

SOUTH KOREA will give priority this year to slashing its mounting current account surplus and promoting trade with communist countries, senior officials said.

Japan public works offer vague, says Yeutter

JAPAN'S proposals to open up some public works projects to foreign construction companies are vague and do not go far enough, Mr Clayton Yeutter, US Trade Representative, said on National Public Radio.

Portugal reaps bonanza from EC membership

PORTUGAL EAS reaped an investment bonanza during its second year of membership of the European Community - in 1987 the value of new direct foreign investment rose 152 per cent.

Swiss direct investment abroad tops SFr55bn

SWITZERLAND'S direct investments in other countries amounted to some SFr55.5bn (€23bn) at the end of 1986, according to a report published by the Swiss National Bank.

US urged to cease aid for Contras

THE INTERNATIONAL team monitoring compliance with Central America's peace plan has urged Washington to "cease definitively" its aid to the Nicaraguan Contra rebels.

But clear "political will" from Central American governments was "imperative" to give new impetus to the faltering five-month-old initiative.

These include the five key aspects of the pact for which President Oscar Arias of Costa Rica won the 1987 Nobel Peace Prize: amnesties for political prisoners, ceasefires, democratic elections and a ban on sanctuary for such forces in regional countries.

US should 'reassess' global military commitments

THE US should reassess its global military commitments and demand more support from Nato in order to shift US resources to Asia and Latin America.

"To be fair to the other areas in which we must operate, there is no region better equipped through its resources, strong economy and military tradition to reassume a greater share of the burden of its own defence than western Europe."

a shrinking US budget, including a planned \$33bn cut in 1989 military spending, indicate that Washington needs to make adjustments in its military posture around the world.

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To the Holders of AHFC OVERSEAS FINANCE N.V. 1 1/4% Guaranteed Bonds Series E-1, Due February 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Article Six, Sections 608 and 609 of the Indenture dated as of February 15, 1984, among AHFC Overseas Finance N.V. (the "Issuer"), Alaska Housing Finance Corporation, as Guarantor (the "Corporation") and Bank of America National Trust and Savings Association, as Trustee, \$15,678,000 principal amount of the Issuer's 1 1/4% Guaranteed Bonds Series E-1 due February 15, 1994 (the "Bonds") will be redeemed on February 15, 1988 (the "Redemption Date") in satisfaction of the balance of the Sinking Fund Payment due on said date and from moneys scheduled to be on deposit in the General Account of the Corporation Redemption Fund at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest thereon at the rate of 1 1/4% per annum to the Redemption Date.

Pursuant to Section 704 of the Indenture the Trustee has selected the following Bonds for redemption on February 15, 1988:

Bearer Bonds in the Denomination of \$1,000 Each

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Table with multiple columns of numerical data, likely representing stock prices or financial metrics. The data is organized in a grid format with rows and columns of numbers.

Table of bond listings with columns for issue number, date, and various numerical values representing bond details.

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UK NEWS

Dee and Lazards face B&D libel writ

By Nidd Tait

THE HOTLY-CONTESTED bid battle between Barker & Dobson, the supermarkets and sweets group, and its much larger target, food retailer Dee Corporation, took a new twist yesterday when the bidder announced that it had instructed its solicitors to issue a writ for libel against Dee and one of its merchant bank advisers, Lazard Brothers.

The libel, according to Barker & Dobson's statement, was contained in the press release put out by Dee on Wednesday.

The release concerned the financing arrangements which Barker & Dobson has organised in connection with its £20m bid - in particular, a £1.6bn loan facility arranged with a seven-strong group of banks.

Dee has argued that Barker & Dobson would be in breach of certain financial ratios contained in its loan agreement with the banks if its bid was successful, and on Wednesday detailed its criticisms. Barker & Dobson maintains that Dee's calculations are wrong.

Yesterday, Barker & Dobson's solicitors said the writ had not yet been served but that this would be done "in due course". However, they added that the writ itself would not detail the libel involved.

The solicitors refused to comment on whether Barker & Dobson would take similar action against a letter sent by Dee chairman, Mr Alec Monk, to shareholders yesterday.

The contents of the letter are almost identical to those of the press release. Neither Dee, Lazards nor Barker & Dobson was able to comment further on the writ.

Dee, Britain's third largest food retailer, is being advised by three banks in the bid - Morgan Grenfell, Lazard Freres as well as Lazard Brothers. Official copies of the press release went out under all three banks' names. Earlier faxed copies omitted the heading, although the names of all three advisers were listed as contacts.

The use of libel writs during takeover battles is not entirely unknown.

During the Hanson-Imperial Group battle in early 1986, for example, Hanson took action against Imperial for defamation based on its target's advertising.

Unemployment drops further to 5 1/2 year low

BY SIMON HOLBERTON

THE CONTINUED buoyancy of the British economy was underlined yesterday with the release of figures which showed the official jobless total falling in December for the 18th consecutive month to reach its lowest level for 5 1/2 years.

Figures for the three months to the end of September last year, also published yesterday, show that the growth in employment is occurring mostly in service industries. The figures, however, suggest that the rate of job losses in manufacturing may be moderating and that manufacturing employment could be on an upward trend.

Other figures yesterday show a further rise in the rate of increase in underlying earnings. It was up to 9 1/4 per cent in November compared with October's 8 per cent, itself a rise on the September figure of 7 1/4 per cent which had been sustained for the previous six months.

This has intensified the Government's dilemma over whether to raise interest rates.

The Department of Employment said that in seasonally-adjusted terms 2.614m people were receiving unemployment benefits in December. This was 35,400 fewer than in November and represented 9.4 per cent of the working population.

Officials said unemployment had been falling over the past six months at an underlying rate of about 50,000 a month. It was too early to say whether the December fall of 35,000 represented a fluctuation or the beginning of a new trend.

Mr Norman Fowler, Employment Secretary, said the prospects for employment remained good but warned they could be undermined by excessive pay awards. It was important for wage growth to be restrained if the substantial improvement in the jobs market is to continue.

Both Mr Nigel Lawson, the Chancellor, and Mr Robin Leigh-Pemberton, Governor of the Bank of England, have warned in the past week that they would not accommodate excessive pay settlements by allowing the pound to depreciate. This has been taken to mean that interest rates could rise.

Mr Michael Meacher, Labour's

Liberals, SDP shift policy to save talks

By Michael Cassell, Political Correspondent

IN A final attempt to salvage the planned merger between the Liberals and the Social Democrats, the two party leaders yesterday relinquished responsibility for drawing up the policies on which the new party can be launched.

With Mr Robert Maclean, the SDP leader, finding himself sure brought to bear on Mr Steel to abandon their widely-criticised policy statement, the two leaders were forced into a humiliating climb-down.

In a statement yesterday, Mr Steel and Mr Maclean said they accepted some of their "thought-provoking" ideas were not suitable to be included in the new party's initial policy stance and announced the appointment of a small negotiating team to draw up a new document by next Monday.

Their own document, which called for the retention of Trident, the extension of Value Added Tax to food and children's clothing and the abolition of mortgage tax relief over a 10-year period, has been shelved and might form part of the post-merger policy-making process.

A Liberal party official said the original policy statement had been "put on one side but not in the bin". Mr Maclean was still said to "believe passionately" in the joint declaration.

Despite their acute difficulties and the question marks hanging over their respective party leaderships, both intend to see the merger negotiations through to a conclusion.

Both sides were last night suggesting that the issue might take a back seat until the new party holds a planned leadership election in the autumn.

The new, six-strong negotiating team will be drawing heavily on the Alliance election manifesto for the new document.

But both sides stressed, however, that they intended to build on the policies which have been agreed by the two parties since the Alliance came into effect.

The negotiators will put forward a short policy statement to be approved by the two leaders and to be included in the merger package.

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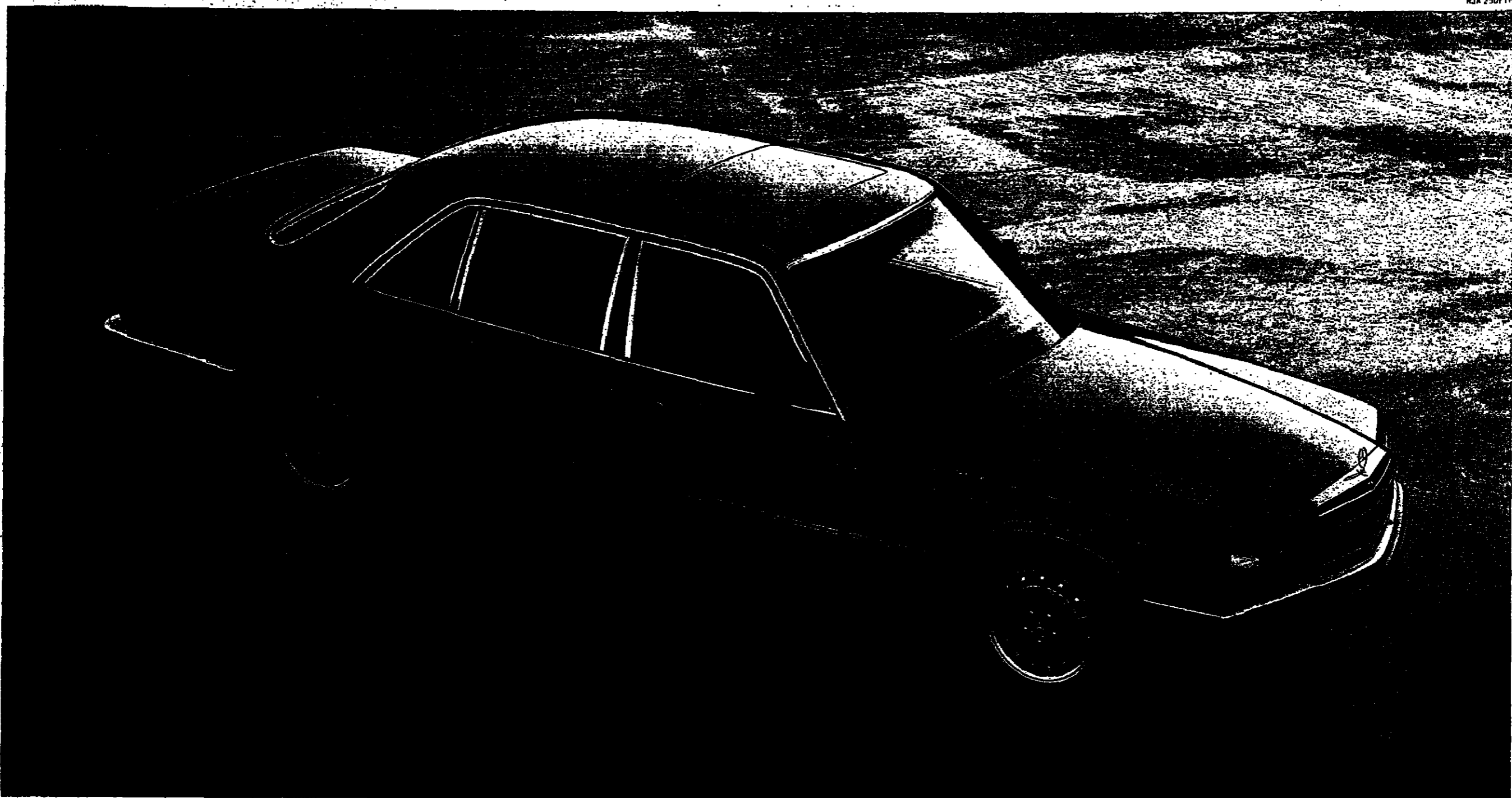
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To this day, no other range of cars offers the same combination of spaciousness, comfort, handling and performance. Only the S-class is big enough to be an office, yet lively enough to satisfy five of the world's top ten formula one drivers.* Not only is it a match for its contemporaries, the build quality, reliability and retained value are legendary. The S-class features 'mature' electronics based on logical need rather than fashionable gimmickry. The interiors are sumptuous yet they contain nothing superficial.

*The other five drive Mercedes-Benz coupes or the 190E 2.3 16.

Why travel first class when you can travel S-class?

The S-class owner belongs to a very demanding coterie of drivers. These are men and women who expect a luxury car to measure up on all fronts at all times. They need total reliability, an effortless driving experience, the reassurance of Mercedes-Benz build quality and the satisfaction of knowing that their car will not depreciate at an alarming rate. They also know that the safety standards achieved in the S-class are the result of constant research and development by the same engineers who invented the passenger safety cell and controlled-deformation crumple zones.

The S-class is more than one car. It is six cars - with a state-of-the-art 3 litre (SE), single overhead camshaft six cylinder engine and 4.2 or 5 litre light alloy V-8's with a standard (SE) or long wheelbase (SEL) to choose from. At the top of the range there's the 5.6 litre 560SEL.

It could also be said that the S-class is twelve cars because each of the six models is as much a driver's car as it is a passenger's car. By giving his chauffeur the day off, an S-class owner can enjoy the way his car devours country lanes with the same ease as it swallows motorways.

The Mercedes-Benz S-class driving experience is unique because these cars are in a class of their own. *Autocar* couldn't have put it better when they said on 18th November, 1987, "Once you have sampled Mercedes S-class motoring to the full it is difficult to imagine travelling in a higher degree of comfort or style."



**ENGINEERED LIKE NO OTHER CAR
IN THE WORLD.**

UK NEWS

Security body's rules given SIB approval

BY CLIVE WOLMAN

THE RULE BOOK of the Securities Association, the largest of the new City self-regulating organisations, was yesterday given provisional approval by the Securities and Investments Board, the regulatory overseer, ending a bitter four-month dispute between the two bodies.

The April deadline for final implementation of the act, when investment firms not authorised by an SRO will have to cease operations, now seems certain to be met. The most likely dates are April 25, the start of a new Stock Exchange account period, and April 30, which comes during a Bank Holiday weekend.

So far, only two of the five self-regulating organisations, Fimra and the AFB, which regulate small investment and insurance advisers and the futures industry, have received final approval. The OFT is expected to raise several objections to the rule book of Lauto, the SRO covering the life assurance and unit trust industry, but final approval for that SRO does not have to be given until April rather than February.

Several securities firms have asked for further delays in the implementation of some of the financial control provisions of the act, because of difficulties in writing the computer software to comply within such a short time-scale.

Stolport flights to resume next week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FLIGHTS BETWEEN London City Stolport in Docklands and Paris by Brymon Airways and Eurocity Airways will resume next Wednesday, now that new routes have been agreed minimising the risks of conflicting air traffic.

The flights were suspended on December 18 by the Civil Aviation Authority after complaints by Brymon Airways that they were unsafe because of inadequate air traffic control cover for part of the journey between the airport and the south coast of England.

An immediate inquiry was begun by a top-level CAA technical panel. As a result of its work, flights can resume. The panel included Mr John Chaplin, the CAA's director of safety services; Mr Brian Trubshaw, the former Concorde test pilot; Air Vice Marshal Brian Huxley, deputy director of National Air Traffic Services; and Mr David Sawyer, a CAA board member.

It concluded that there are three possible safe routes for outbound traffic to Paris from the Stolport (inbound traffic, which flies via Dover and Detling in Kent, has not been in question).

The preferred outbound route involves aircraft entering a small section of controlled airspace to the east of Gatwick Airport, serviced by Gatwick Airport controllers.

It will involve flying first to 3,000ft and then to 4,000ft, avoiding light aircraft flying in uncontrolled airspace below

2,600ft in that area, where the Stolport-Paris flights were required to fly originally. Eurocity Airways will resume routes bisecting the approach and departure routes to Gatwick. Because of the pressures on the controllers, a maximum of 10 Stolport outbound flights a day will be permitted. That is the same number as was being flown when flights were suspended.

No increase in the number of flights will be permitted unless the other two suggested routes are used. Both pass over Detling, with one route then turning south and the other continuing east to Dover before crossing the Channel. Brymon and Eurocity Express accept that.

Commenting on suggestions that there had been three "air misses" on the outbound routes from the Stolport, the same panel found that two of those were "sighting reports with no risk of collision", while the third appeared to involve "possible risk of collision".

Air Europe, the independent airline owned by Mr John Goodman's International Leisure Group, plans to start scheduled services between Gatwick and Paris on February 1. Initially, fares will be the same as those charged by other airlines (£170 economy return), but the airline says it will be making proposals to the CAA for cheaper rates.

Air Europe already has scheduled flights to Munich, and a twice-daily scheduled service to Brussels starts on March 18. The FA executive committee announced its decision to turn down Courage, the brewing company, which was negotiating on behalf of Foster, the Australian lager. The deal, which would have been worth £20m over 54 months, would have been the biggest single sponsorship in UK sport.

Mr Ted Croker, the association's secretary, said yesterday: "We have never put the FA Cup up for sale; we have never invited offers. It is something special to the sporting calendar, like Wimbledon and the Open Golf, and that's the way it will stay."

When news of the proposed Courage sponsorship leaked out last November, it was sharply criticised by football commentators. They felt it was inappropriate to accept sponsorship from a brewing company after the antics of drunken supporters had led to a crackdown on the sale of alcohol in football grounds.

However, Mr Croker insisted yesterday that the reaction was not responsible for the decision. BT would not comment on its plans for Centrex, but it might set a new launch date for it in the summer.

Bayer launches patent suit

BY PETER MARSH

BAYER, THE West German chemicals company, has started a court claim for damages against a UK drugs manufacturer which is alleged to be breaching Bayer's patent on a top-selling medication.

Bayer's UK subsidiary has an action pending in the High Court against Evans Medical, a Guildford-based company, which in November launched a "look-alike" version of Adalat, a Bayer heart drug with annual world sales of about £200m.

Evans has been negotiating with Bayer for a year for an agreement to sell a copy of Adalat under Britain's licence

of right provisions. Under that procedure, a company can obtain a licence to sell a copy of certain products patented before 1978 four years before the patent expires.

Evans launched its product without a licence. Bayer applied for an injunction against Evans but last month a High Court judge rejected that.

Nevertheless Bayer said yesterday it would go ahead with its action to recover damages against Evans. Bayer said it was entitled to expect patent protection over its products.

Majority of Opren claimants accept offer

By Raymond Hughes, Law Courts Correspondent

AN OVERWHELMING majority of UK alleged victims of the banned arthritis drug Opren had accepted terms offered by Eli Lilly, the drug's US maker, in settlement of damages claims, the High Court was told yesterday.

Mr Jonathan Playford, QC, for Lilly, said that its round figures of 1,050 of the 1,300 people covered by the offer - the financial details of which are being kept secret - had accepted it; about 47 had refused; 200 had not responded.

The global offer is believed to amount to about £2.3m with \$3m towards legal costs. When it was announced last month it was widely criticised as miserly.

It was compared unfavourably with compensation paid by Lilly to claimants in the US. That has been as high as \$6m (\$3.3m) to one person. UK claimants will be receiving on average about £2,000 each.

The reason for the disparity lies in differences between US and English legal systems.

Lilly made its offer without admitting liability and made a term of settlement that neither the global sum nor individual payments should be disclosed publicly.

Mr Playford said that, because of the overwhelming acceptance, Lilly was dropping its demand for 100 per cent acceptance as a precondition of settlement.

The deadline for acceptance was being extended from January 23 to February 5. Lilly was prepared to make a further offer of 75 per cent of the amounts offered to those individuals who accepted the offer.

Mr Justice Hirst welcomed the news of the acceptances. He urged those who had not accepted to do so "in their own best interests".

He said acceptance of the settlement terms would not stop individuals seeking a larger share through an arbitration procedure to be set up by the court.

Lilly's offer covers only those alleged UK Opren victims who claimed before last January 31, the court-imposed deadline. Several hundred others must fight separately. Lilly has said they will face a long haul if they pursue claims, every one of which the company will oppose.

Attempt to sponsor FA Cup fails

By Philip Coggan

THE FOOTBALL Association has turned down a £20m sponsorship deal for the FA Cup, saying it is not prepared to change the name of the competition.

The FA executive committee announced its decision to turn down Courage, the brewing company, which was negotiating on behalf of Foster, the Australian lager. The deal, which would have been worth £20m over 54 months, would have been the biggest single sponsorship in UK sport.

Mr Ted Croker, the association's secretary, said yesterday: "We have never put the FA Cup up for sale; we have never invited offers. It is something special to the sporting calendar, like Wimbledon and the Open Golf, and that's the way it will stay."

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Nick Bunker on a Lloyd's underwriter covering new ground in Birmingham Insurance specialist risks the provinces

MR EDDY SIMMER does not look like an unconventional Lloyd's underwriter. He is 45, has spent his working life in the insurance industry, and is now a Lloyd's of London underwriter.

Now he is quitting the Lloyd's trading Room in Lime Street and installing his underwriting box in Birmingham. And for property insurance syndicate to move out of the Room is very unconventional by Lloyd's standards.

From March, Mr Simmer will run a new Lloyd's syndicate in Birmingham for small to medium-sized companies. The syndicate - in Lloyd's-speak, non-marine number 1104 - has been launched by the Merrett Group, the market's second biggest underwriting agent. "We are after the sort of business that does not normally come to Lloyd's - the sort that goes to the composite insurance companies," says Mr Simmer, the syndicate's chief underwriter. A small engineering factory is one example of the type of risk he will be looking for.

He will not be the first Lloyd's underwriter to move out of the Room: Lloyd's motor insurance syndicate has been operating in the provinces for a long time. But it took two years of planning and negotiations

before the ruling Council of Lloyd's finally agreed in early September to let syndicate 1104 do the same. Admittedly Mr Simmer will be starting small, with only 12 to 16 staff in Birmingham.

"We will have gross underwriting capacity of £10m, but we will probably do only £3m to £5m in 1988," Mr Simmer said. But the Merrett view is that in the medium term the syndicate can go some way towards reopening to Lloyd's the British commercial property insurance market.

In some eyes, that is an urgent necessity for Lloyd's. Demand is stagnant in its old mainstay, the marine market. The Merrett argument is that Lloyd's also needs to diversify out of its reliance on harshly cyclical US property-casualty insurance business.

For years, Lloyd's has arguably had two crucial weaknesses in the UK property insurance world. Mr Stephen Merrett, the Merrett Group's chairman, says the weaknesses are poor service and poor communications with the sources of business.

By 1985, composite insurers such as Imperial Insurance, Sun Alliance or Commercial Union were way ahead of Lloyd's in the British property market.



Stephen Merrett, Lloyd's head, says the syndicate's solution was to form a Birmingham-based service company, called Merrett Insurance Services Ltd (MIS), with Mr Simmer as managing director. Syndicate 1104 will give MIS the so-called "binding authority" to accept insurance business on its behalf. That has several advantages. First, MIS will be able to issue its own certificates of insurance, which it prints itself. MIS will also deal directly with non-Lloyd's intermediaries. MIS will have to abide by the rules Lloyd's applies to its motor syndicates, which can take business from non-Lloyd's brokers provided their credit is "guaranteed" by a Lloyd's broker. However, Mr Simmer hopes

The second weakness is that Lloyd's underwriters are a long way removed from many potential customers. Intermediaries would rather deal with the composites' regional offices when they have small risks to place.

Also, Lloyd's market rules forbid non-marine syndicates to deal directly with non-Lloyd's brokers. That puts a regional barrier between Lloyd's and fertile sources of business such as building societies - although some societies send household insurance to Lane Street.

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70 per cent of his business will come from regional offices of the big national brokers, 20 per cent from local high street brokers, and the rest from building societies and other financial institutions.

The syndicate's competitive cutting edge against the composites will be twofold. Mr Simmer argued that Lloyd's underwriters - unlike most insurance company branch staff - have a direct personal stake in their business. Mr Simmer will be a member of syndicate 1104.

Second, the aim is to bring the Lloyd's underwriter much closer to the ultimate client, so as to make the service offered quicker and more flexible. "We're going to have four or five underwriters in Birmingham, and at any one time I want two or three of them to be out actually looking at risks," Mr Simmer said.

Significantly, the big composite insurers, such as the Royal, are now doing similar things. The Royal has been restructuring its regional operations, devoting accountability down to 12 regional divisions.

"Where we'll score," Mr Simmer said, "is in two years time - when the composites have not achieved what they said they would."

Industry 'buys 10% fewer machine tools'

BY NICK GARNETT

CONSUMPTION OF machine tools by UK manufacturers probably dropped by more than 10 per cent last year, in spite of rising production and rising prices, according to the British Machine Tool Trades Association, said yesterday.

Provisional statistics issued by the association were accompanied by severe criticism of the industry's low level of purchases on the part of manufacturing companies and a warning that this would damage industry's prospects through the next decade.

"The position is quite definitely serious," Mr Stephen Pike, the association's chairman, said at a pre-exhibition meeting of exhibitors to the

Mach 88 machine tool show in April. "We are delighted with the upswing in manufacturing and that interest rates have come down but our delight ends there."

"That concerns our industry. What concerns me even more is the long-term wellbeing of British industry as a whole."

The association includes in its membership scores of machine tool manufacturers and importers as well as domestic machine tool producers.

Machine tool sales in the UK for the first six months of the year were down by just under 10 per cent and the association believes figures for the last two quarters, due out soon, will show little difference.

Member companies in the association blamed the low level of purchases on the phasing out of capital allowances, management conservatism and the takeover boom which they believe has delayed a number of big projects.

The Italian machine tool industry recently persuaded the Italian Government to reintroduce a form of capital allowance

after complaints that the removal of allowances had hit sales. UK machine tool companies believe they are not in a position to persuade the UK Government to follow suit.

Suppliers of peripheral equipment, such as software and controls, did very well in the UK domestic market last year. As a result, the association believes industry has spent much money trying to update existing equipment but not in purchasing new pieces of hardware.

Machine tool companies reported a much better rate of new domestic orders in the second half of last year which should be reflected in sales figures for this year.

IBA acts on TV production deadlock

BY RAYMOND SNOODY

THE INDEPENDENT Broadcasting Authority is to determine a national financial framework to govern key areas of the relationship between independent producers and the ITV companies and the ITV network.

The IBA is to decide on a framework for production fees, essentially the profits of independent producers, and exploitation rights - the sale of the programmes overseas.

Yesterday, however, the IBA said: "The ITV companies have agreed to the IBA proposal that the authority should determine a financial framework for the key issues of production fees and exploitation rights."

The authority believes it has found a way of breaking the

deadlock in negotiations. The independent producers intend to put their case directly to the IBA for scales of maximum and minimum production fees.

Meanwhile Granada Television has issued an unusual programme tender to the independent production sector.

It has asked Worldwide Soccer, an independent television company formed by the Football League, to produce five new football highlights programmes for the Granada region. In turn, Worldwide Soccer is to use Granada outside broadcast and post-production facilities on a commercial contract involving reduced manning levels and flat-rate payments for weekend working.

Targets named for McDonnell Douglas loans

By David Lascaille, Banking Editor

MCDONNELL Douglas Bank, the newly formed US non-financial subsidiary of the US aircraft manufacturer, intends to specialise in medium and long-term lending to mainly small and medium-sized businesses.

Announcing the new bank's plans yesterday, Mr Tony Nelson, the managing director, said it would be making facilities of up to 20 years, mainly in the £260,000 to £2m range. The operations would complement the group's existing activities in equipment leasing and finance handled by McDonnell Douglas Finance Corporation.

Few industrial companies have been granted licences to conduct banking in the UK. McDonnell Douglas is believed to be the only US non-financial company with such a licence.

The bank has total capital of £17m and a balance sheet of £72m inherited from McDonnell Douglas' existing leasing business. Mr Nelson said he expected to add another £60m of loans this year.

Lex, Page 42

'No EC veto' on fire-foam ban

THE European Commission yesterday said Britain's ban on fire-foam is not in breach of EC rules and need not need its approval. EC rules outlawing any national measures which curbed European imports and trade could be bypassed in urgent cases of public health or safety.

The UK could immediately introduce standards to ban the dangerous foam, the Commission said, after Mr Francis Maudie, Consumer Affairs Minister, said in the Commons this week that the new UK law would need EC sanction.

Reprieve for three BBC radio stations

BY RAYMOND SNOODY

THE BBC Governors yesterday reprieved the BBC's radio stations in London, Birmingham and Manchester after a review of their future.

There had been speculation for some time over whether they would survive cost-cutting operations designed to trim 10 per cent from local radio costs in the metropolitan areas concerned.

State legal services reviewer chosen

BY PETER RIDDELL, POLITICAL EDITOR

A REVIEW of government legal services is to be undertaken by Sir Robert Gifford, a former permanent secretary at the Ministry of Defence. Mr Gifford is expected to leave the job of permanent secretary at the Northern Ireland Office at the end of next month.

He will move to the Cabinet Office for the review. Sir Robert is due to retire later in the year. His place at the Northern Ireland Office is to be taken by Sir John Bielech, currently second permanent secretary at the Ministry of Defence.

The future of the stations has been secured for the next three years, but there will then be a further review of their effectiveness.

Mr Gerald Stanley Jones, managing director of BBC regional broadcasting, said yesterday that at the end of the period "there must be evidence of increased and sustained demand for the output of the stations concerned".

Radio Manchester will form the hub of a programme-sharing operation among local radio stations in north-west England. Birmingham's Radio WM will provide a local service for the city and the Black Country. Plans for Radio London include strengthened news and a specialised inner-city service.

OFT calls for code on Eftpos

By David Churchill

THE OFFICE of Fair Trading yesterday called for a statutory code of practice to govern electronic funds transfers between banks and customers.

Such a code should also govern the introduction in retail outlets of electronic funds transfer at the point of sale (Eftpos), the OFT believes.

The call for a code comes in the OFT's evidence to the Banking Services Law Review Committee, set up by the Government in 1986 to examine banking services.

The OFT move is aimed at dealing with potential future consumer difficulties arising from the introduction of electronic banking technology.

Where there is a disputed electronic funds transfer, says the OFT, the burden of proof should lie with the card issuer. It also suggests that electronic funds transfer systems should generate enough records to enable alleged errors to be traced, checked and corrected.

Rover quits motor research project

ROVER GROUP has withdrawn from Prometheus, the pan-European motor industry research programme which has as one of its leading aims the halving of road deaths in Europe by the year 2000, writes John Griffiths.

The UK state-owned vehicles code made a record net loss of £392m in 1986 but is expected to announce a small operating profit for last year, is reallocating its research and development resources exclusively to its own needs. This includes a new model programme for the Austin Rover cars subsidiary.

Austin Rover has been the main source of funds for the UK code since its formation in 1984, and until the end of last year the UK activities were being

co-ordinated by Gaydon Technology, Rover Group's R&D subsidiary in Warwickshire.

Negotiations are proceeding for the Motor Industry Research Association to take over co-ordination of the UK's programme contribution.

Rover Group said yesterday that it had the resources to continue all the programmes simultaneously.

State boost urged for industry R&D

BY DAVID THOMAS

BRITAIN'S position as a leading manufacturing nation is under threat if the Government does not take strong measures to help industry, according to a report published today by the Electronic Engineering Association.

The report is the most extensive exercise of its kind undertaken by the association, which represents 67 large electronics companies with combined sales of £20bn a year. It focuses on spending on

research and development and says R&D spending as a percentage of gross domestic product is falling in the UK but rising in all main competitor countries.

The report's five chief recommendations are: • A cut in corporation tax to 23 per cent which the report says would return it to real 1984 levels, with some funds released earmarked for special tax incentives to promote R&D. • An increase in govern-

Hoare Govett index 'success'

By Heather Farnborough

THE HOARE GOVETT Smaller Companies Index of quoted UK companies yesterday celebrated its first birthday with the news that it had outperformed the FT All-Share index by 13.2 per cent last year.

Hoare Govett says it would have outperformed the FT All-Share index in 26 out of the past 35 years, according to data from the London Share Price Database. In bullish or stable market conditions, it performed even better.

Last year the smaller companies index showed a 21 per cent return after dividends were reinvested, compared with 7.9 per cent on the All-Share.

Mr John Houllihan, head of Hoare Govett's smaller companies' research team, has long been a smaller companies do better.

The index's 1,236 constituents represent 74 per cent of the companies quoted on the main UK equity market, but only 10 per cent of total capitalisation. The average company in the index is capitalised at £27m and half the index value is accounted for by the largest 223 companies.

The message from 1987, argues Mr Houllihan, is that "size is more important than sector selection."

Reform call on public health

By Fiona McEwen

WIDE-ranging proposals aimed at improving public health in Britain were recommended in a report published by the Health Department yesterday - the first big review of public health in England since the 1971 Royal Society Commission Report.

The main proposal is that health authorities should appoint directors of public health with greater authority, in place of district medical officers.

Further suggestions include setting up a small central unit at the Health Department to monitor the population's health at national level; requiring directors of public health to produce annual reports in every district or region; and new guidelines for all health authorities outlining their public health responsibilities.

The report, issued by a Committee of Inquiry led by Sir Donald Acheson, the Government chief medical officer, also suggests greater emphasis on preventing illness and better evaluation of the effectiveness of existing health services.

On infectious disease control, the committee recommends updating public health legislation and details practical recommendations to improve control. It also proposes the appointment of a nominated doctor, to be known as the District Control of Infection Officer.

Public Health in England. HMSO cmd 289. £8

Prize in memory of David Watt

AN ANNUAL prize of £2,000 for writers engaged in international and political matters is being introduced in memory of David Watt, former political editor of the Financial Times and director of the Royal Institute of International Affairs, who died last March.

Organised and funded by RTZ, the prize will be open to those whose writings in English - are judged to have made outstanding contributions to the clarification and understanding of such issues. Details are available from the administrator, David Watt Memorial Prize, RTZ Ltd, 8 St James's Sq, London SW1Y 4LD.

Shah to fund paper by selling Messenger shares

BY RAYMOND SNOODY

MR EDDIE SHAH aims to raise \$5m to launch his planned national daily tabloid newspaper - called *The Globe of the East* - by privately offering to Business Expansion Scheme shareholders 50 per cent of shares in his Messenger Group of weekly newspapers.

Mr Shah, founder of Today, a daily newspaper, is advised by Lazard, the merchant bank. A prospectus is expected early next month.

This week he decided to proceed in September or October with the paper, to be aimed at the market of the Star, the Express, Newspapers Group daily tabloid.

The business plan drawn up with Lazard is to raise £1.5m by offering to Business Expansion Scheme shareholders 50 per cent of shares in the Messenger Group of weekly newspapers.

It is said that the new daily would break even on a circulation of 250,000 copies, with 25 per cent advertising sold at £1,700 a page. On these assumptions, a 600,000-copy circulation would produce break-even with no advertising.



Eddie Shah last seen in London

It is said that in the year to April it would have profits approaching £2.5m on a £13m turnover. Operating profits is about 31m, primarily sales comprise the rest.

A contract has been drafted for Mr Lloyd Turner, the former editor of the Star, to become editor of the new paper. Yesterday he was unavailable for comment.

It has now become clear that last year Mr Shah sold his last 10 per cent of Today to Rupert Murdoch's News International. That ended his stake with the paper that acted as a catalyst in Fleet Street's revolution.

Mr Robert Maxwell's printing subsidiary is believed to have offered to Mr Shah full-colour printing of his new paper at the Maxwell Communication Plant, Watford, Herts.

The Star lost more than 250,000 in circulation last year in the brief editorship of Mr Michael Gabbart. It might be vulnerable to the planned new daily if Mr Shah raises launch funds.

Chancellor keeps his gaze on far horizons

BY IVOR OWEN

DURING business questions in the Commons yesterday there were demands that the Government should hold a full-scale debate on foreign affairs in the near future. This drew the usual guarded response from John Wakeham, Leader of the House.

But half an hour later it seemed that we had been plunged into such an event even though the official title was the debate on the Chancellor's Autumn Statement.

Our flamboyant Chancellor, Nigel Lawson, grandly announced that in view of recent events on the stock markets he intended to devote most of his remarks to the world economy. The domestic issue of public expenditure would be dealt with by John Major, the Treasury Secretary to the Treasury, when he would open the debate later.

This unusual arrangement immediately provoked the suspicion of the Opposition. As Labour's shadow Chancellor, John Smith, protested, it was all very convenient from the Government's point of view. Since Mr Major was finishing the day's work he would be able to question the propositions he would be advancing.

Any Labour MP who had the temerity to challenge the Chancellor's remarks was brushed aside by Nigel in the face of the usual opposition accusations of arrogance.

From the Labour benches David Wainick had the

Liverpool FC wins Candy sponsorship

By Ian Hamilton Fazy, Northern Correspondent

LIVERPOOL FOOTBALL Club is to receive £1m of sponsorship from Candy, starting next season.

Candy, the Milan-based domestic appliance maker, will take over as club sponsor from Crown Paints in a three-year deal announced at Anfield, the club's ground, yesterday.

Candy's involvement comes after its five years of successful sponsorship of the club's football team, which includes the club's youth teams and the club's stadium.

Mr Alberto Bertoli, managing director of Candy, said the company had been looking for a new sponsor since the end of last year. He said the company had been approached by several other firms, but that Candy was the only one to offer the £1m deal.

Mr Bertoli said the company was pleased to be sponsoring Liverpool, and that the deal was a significant step in the company's expansion into the UK market.

GEC and Bae continue £57m suit against BBC

BY RAYMOND SNOODY

GENERAL ELECTRIC Company and British Aerospace are pressing ahead with a \$57m lawsuit against the BBC over the corporation's aborted attempt to launch a direct broadcasting by satellite project.

A date has been set for a High Court hearing on the claim for damages against the BBC. It is October 1, 1990, more than 4 1/2 years after the writ and statement of claim for \$57.13m (plus interest and costs) was served on the corporation.

The case arises from a project announced in the House of Commons in March 1983. On March 1, 1983, the BBC announced it had signed heads of agreement with GEC and BAE for the provision of a two-channel DBS service to be launched in September 1984.

Unsettled was the consortium set up for the project by GEC, BAE and British Telecom, which was to provide the satellite service. The BBC was to provide the ground stations and the service to be launched in September 1984.

The BBC decided in September 1984 that it could not go ahead with the project. The reasons of the financial

GEC and Bae are seeking compensation for work carried out on the satellite system. The BBC, which did not sign a final contract, will defend the action and is expected to argue that it was made clear to United that work carried out before a final contract would be at the corporation's risk.

In the BBC's annual report and accounts for 1986-87, published last November, the corporation said it had made no provision to cover any part of the claim.

The BBC said detailed investigations had been made in the course of preparing the corporation's defence.

"On the basis of legal advice received as a result, the BBC remains of the opinion that the claim is likely to fail, the annual report said.

If the case goes ahead on schedule it will be decided during the summer of 1988. The case is being handled by Michael Chetwin, who was appointed last year for a five-year term.

A private sector DBS project for the UK using American satellites is said to be launched in autumn 1988.

Troubles of ever-changing shape at Proteus Rainwear

BY IAN HAMILTON FAZY

THESE ARE stormy times for Proteus Rainwear. The Manchester company has had one of its worst periods, in spite of the unexpected lift provided by last year's abysmal British summer.

Proteus's fall in turnover has been dramatic, down to 15 jobs as threatened.

Serious quality problems have caused Harrods to reject thousands of top-of-the-range raincoats, union sources report that trouble is brewing at r.m.p. and the main raincoat factory is stocked with overproduced lines that have gone out of fashion.

Horror-stricken, Proteus's parent company, Poseidon Textiles, has dismissed the entire management. So far, it has tried 24 substitute teams, each of 50 managers, all MBA go-getters, and some have made class-management errors, requiring help from head office and threatening many a promising career.

Last anyone think this report a hoax, Proteus is a living company. It is based on one in the real world - a subsidiary of a



large, anonymous corporation, that had similar real-life problems, including Harrods' rejection of poor-quality garments. Harrods' Proteus Rainwear lives in a world of its own, somewhere in the memory circuits of an IBM mainframe computer at Manchester Business School.

It is not a management game. These behave predictably because they are mathematically based, logical, responses that players can work out and so beat the system. Good players merely become good at playing games, rather than becoming good managers.

Mr Guez, whose role is that of Frankenstein to the IBM mainframe's monster, says: "Proteus's pedigree is a cross between a flight simulator and Dungeons and Dragons, and not a young person's fantasy game. It is that what you think is real may well not be, just as in real managerial life."

Mr Guez and Miss Liz Adams, a computer programmer whose role is that of sorcerer's apprentice, have entered a living creature running innocently

snack across the panorama of corporate life. Only good management can save it from itself.

It is part of the problem that IBM has supported by investing \$2.5m in the business school and providing the tools to help it to work. The idea is to develop software that can be used for management education worldwide.

Mr Guez and a team of lecturers feel the problem is not a matter of terminals and electronic mail - to keep everyone off balance. Indeed, all communications with the company are done by electronic mail, a factor proving hard on managers who cannot type and who think that keyboard work is for women and thus beneath them. Proteus suffers because it was not set up in modern management.

If this makes it like management by remote, there are many real organisations that fit this style exactly. In some cases thinking of wider issues than those on their computer monitors, Mr Guez and his colleagues sometimes pretend to be human activists and stir up shop-floor unrest.

If you look back to Mr Guez or a succession of successors, it assumes the shape of a typical bank manager and sends the finance director a polite letter asking for a meeting.

One team of students, all experienced managers from big companies on a business school course, wrote back suggesting the bank manager make an appointment to call in.

The bank manager had been expecting a property gaveling response and visit from a company of Proteus's size, and responded to the suggestion by giving the management a week to put its affairs in order.

Another echo of real managerial life is that crucial information is buried in masses of routine and the UK Proteus will be developed into wider areas than manufacturing, such as finance.

Why is it called Proteus? Dr Guez says: "Proteus worked for Poseidon and was guardian of the gates. He was able to take on any shape he wanted and had the gift of prophecy. And whenever he was asked a question he changed shape."

Ian Hamilton Fazy on how IBM is helping to update managers' training

large, anonymous corporation, that had similar real-life problems, including Harrods' rejection of poor-quality garments. Harrods' Proteus Rainwear lives in a world of its own, somewhere in the memory circuits of an IBM mainframe computer at Manchester Business School.

It is not a management game. These behave predictably because they are mathematically based, logical, responses that players can work out and so beat the system. Good players merely become good at playing games, rather than becoming good managers.

Mr Guez, whose role is that of Frankenstein to the IBM mainframe's monster, says: "Proteus's pedigree is a cross between a flight simulator and Dungeons and Dragons, and not a young person's fantasy game. It is that what you think is real may well not be, just as in real managerial life."

Mr Guez and Miss Liz Adams, a computer programmer whose role is that of sorcerer's apprentice, have entered a living creature running innocently

information that applies to their departmental functions. As in real corporate entities, Proteus's right hand often has no idea of what its left hand is doing.

For example, the factory keeps sending in returns to the management suite, which may make it look as though everything is working. But out - but the output is of items that have failed to sell, and the marketing department has forgotten to tell the production manager.

Meanwhile, the sales department has created severe distribution orders for other lines, but no one has told the factory to make them. On top of that, managers are being bombarded by subordinates with complaints about not being able to park their company cars near the office.

Can this distraction be ignored and delegated to some junior person? The answer is that it is not. If it is, it will dig a hole in the road outside the main gate, bumps into an illegally parked salesman's car and causes a serious road accident. It happens on the day of a managerial visit that has already dismissed management.

Dr Guez says: "We are trying to create a realistic management environment. In games, nothing happens unless a decision is made. Real life is not like that."

As Proteus proves itself, five other business schools - Strathclyde, Warwick, Aston, University of Manchester Institute of Science and Technology and Sheffield Polytechnic - will plug into it to use in teaching IBM's hopes are for increased sales in Europe and the US. Proteus will be developed into wider areas than manufacturing, such as finance.

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THE PROPERTY MARKET

The battle is on for Ashford

By Paul Cheeseright

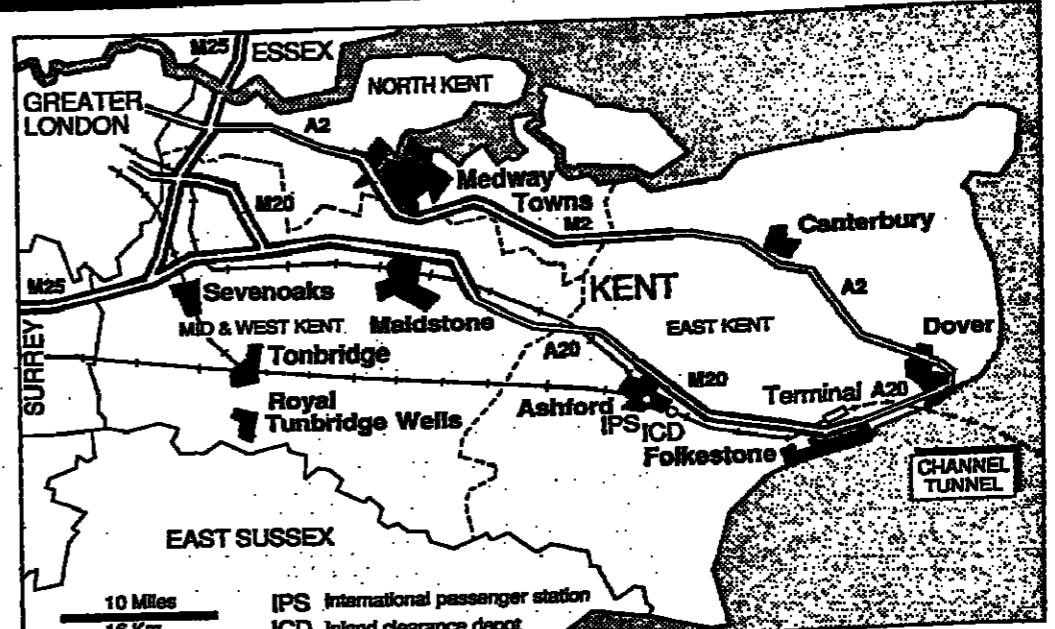
REG WARD has a problem. He is full of ideas for projects around Ashford in Kent, but even if they stand up to financial scrutiny, he has no land on which to realise them. The man who was chief executive of the London Docklands Corporation and who opened up the area east of the City to a spurge of development is now chief executive of a company which has nothing but influence, ideas, and funds. That company is Kent European Enterprises (KEEL), a joint venture with Balfour Beatty Developments, Richard Costain, Tarmac Properties, Wimpey Property and Taylor Woodrow Property - in fact, the property arms of the main British contractors for Euro-tunnel. KEEL has been especially committed to development south-east of Ashford, with the aim of finding and exploiting property opportunities thrown up by the economic impact of Euro-tunnel. It has identified broad but not specific opportunities for development. It has done studies of the area, partially funded by the Ashford Borough Council. What it has not done is to buy any sites. The company which does have the sites, in fact 2000 acres acquired either through direct purchase or options, is Northern England Development Associates (NEDA), the

Yorkshire company, run by Jim Cookson. Just before Christmas NEDA formally put before the Ashford Borough Council a planning application covering 600 acres - the rest would be covered by trees and water. NEDA envisages a mixed development, including five hotels, a conference centre, warehouse and distribution facilities, offices, multiplex cinema, library, community centre and retail facilities. It would be the biggest project of its kind in the country. Both KEEL and NEDA are looking for partnerships - KEEL as a means of entering the Kent development game on the pitch, NEDA because its project is so large that it would make sense to forge alliances with, for example, specialist hotel operators or specialist leisure park developers. Next week Jim Cookson and Reg Ward will meet for the first time at the NEDA headquarters in Boroughbridge to see whether they need each other. It is hardly surprising that both see Ashford as a focal point for development. It has been seen as a future growth point for many years within the context of Kent town and country planning. More recently the whole atmosphere has changed with the

go-ahead for Euro-tunnel, with Ashford as the British terminal, and the decision to start construction of the extension of the M20 from Maidstone to Ashford. That will put the town on one of the main communication spokes from London. Official reports like the Kent Impact Study, compiled last year by a group of civil servants from Whitehall and Kent local authority officers, singled out Ashford "as the commercial and industrial hub of east Kent, radiating confidence and opportunity to the currently less resilient areas." The same point is made in the revisions to the Kent structure plan. One key question that immediately emerges is, as Peter Spiller, the Deputy Borough Planning Officer at Ashford, put it, "Can the formal planning process keep up with the development pressures?" Both are in a state of flux. There has just been a local public enquiry into changes in the Ashford local plan. By the summer, the borough council should have the inspector's recommendations, after which it will adapt the plan as necessary. Then it needs the approval of the Kent County Council and the Environment Secretary before the planning text emerges which should

carry the area through at least to the opening of Euro-tunnel. But it is a time-consuming and cumbersome process. As Reg Ward noted, "Developments need to start this year - we want them up and running when the tunnel opens." This is to be able to anticipate the economic benefits. Developers are already starting to run hard. The Ashford Borough Council has been processing the final stages of two applications for significant developments in the northern part of the town. These are for a science park and a hotel on land owned by Trinity College, Cambridge and for a 200-bed hotel that will be developed by Turret Properties. Ashford Council has also received an application from Henry Lax, the Leeds property company, to move the Ashford cattle market from the centre of the town to a site in the south and replace it with a shopping complex. The new development would have a direct link to the new Euro-tunnel passenger rail terminal. But the most readily available land for new projects is south-east of the town, where NEDA has its holdings. Development in this area will have


the least physical impact and the best infrastructure, because of the orbital road to the south of the town. The NEDA plans fit into the general thrust of planning policy, which is to make the area more welcoming to development, but they are still difficult for the Borough Council to swallow. At the moment there is no allocation of land for the level of development as it has been formally proposed by NEDA. At the end of the day, it seems likely that the NEDA plans will be called in to the Department of Environment in London for a final decision. Ashford planners expect this simply because of the scope of the plans. That is only one development. Kent Council planners are aware that there is resistance in the area to too much fast development. They are also aware that if there is economic growth then more provision should be made for housing. But county councillors have backed away from the idea of what in effect would be a new town to provide that housing. The point about all of this is that planning permission for Ashford projects will not necessarily come through with a nod. The answer to the question Mr Spiller asked will probably turn out to be a qualified "no".



TOMORROW, the Kent County Council will place its revised structure plan before the Department of Environment, which in turn will probably hold a public examination of it before making any decision on whether it is acceptable. It is a document on which a lot of investment decisions depend, since it will settle the broad patterns of land use in Kent in response to Euro-tunnel. Time is already short. Euro-tunnel should open for business in 1993, but it could be next year before the structure plan is in place. Not much time for the local planners and develop-

ers to get their act together. The thrust of the structure plan is to make Kent more welcoming to new investment. But the original version aroused immediate protest. "Kent's countryside is being stabbed in the back," said the Council for the Protection of Rural England (CPRE). So the modified version which the Department of Environment will be looking at contains three significant changes. The role of new investment in relation to countryside policies is clarified. The need to create development opportunities is maintained but not at the expense of Green Belt or countryside preservation. There will be no attempt, for example, to relax Green Belt constraints in west Kent. The one area where the County Council will seek to re-draw Green Belt boundaries will be around Dartford. Both this and the earlier point are a blow in the direction of the CPRE. Plans to create what the planners call a freestanding community - a new town - near Ashford have been dropped, thus reducing the amount of new land available for housing. The effect is to make Ashford a growth point for employment, but not for housing.

This announcement appears as a matter of record only



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also appears today on page 14

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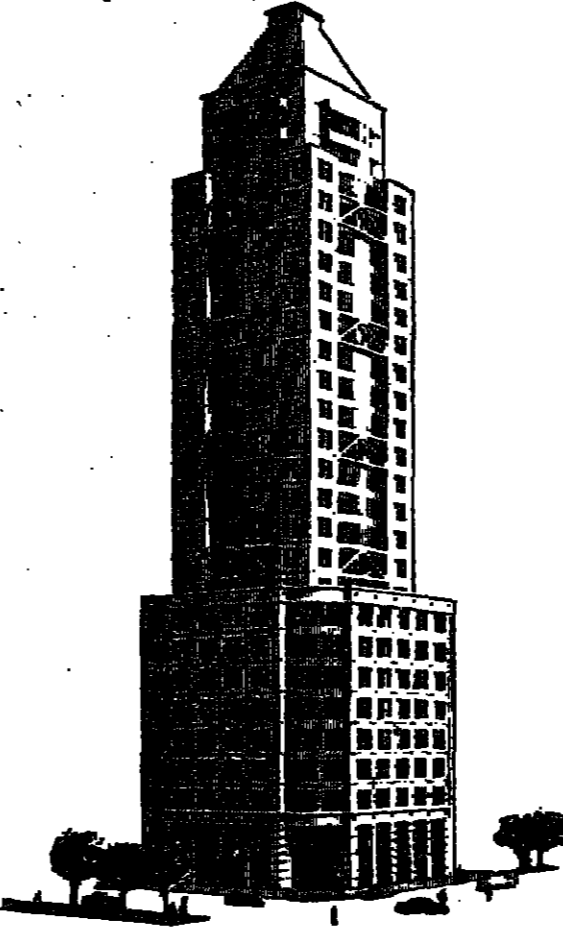
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Contracts & Tenders

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1-Announcement is hereby made for the following two projects within the "Capacity Improvement and Modernization Project" in the integrated steel plant of Ereğli Demir Ve Çelik Fabrikaları T.A.Ş. located at KIDZ Ereğli, Turkey. The project is aimed at increasing production, improving product quality and reducing production costs and energy consumption including general and detailed engineering service and fabrication.

PROJECT NAME
A AIR SEPARATION PLANT
One air separation plant nominally rates at 310,000 Nm³/day of 99.5% O₂ pure oxygen including oxygen, nitrogen and argon purification and liquefaction equipment. Equipment for storage of 10,386 Nm³ of gaseous oxygen (6000 Nm³ of gaseous nitrogen, 275 Nm³ of gaseous argon, liquid oxygen) from 12 hours of maximum liquid make, and 9000 Nm³ of liquid argon. Interconnecting piping and other auxiliary equipment required to integrate new plant with existing air separation plants and liquid/gas storage facilities.

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2 Tender documents for each project mentioned under A and B above may be obtained from the following addresses as of January 18, 1988 and after depositing 750,000.- Turkish Liras for each project to Erdemir cashier's office at KIDZ-Ereğli-Turkey indicating the project name:
Erdemir, Vice President Purchasing
Foreign Purchases Department (SA.17)
KIDZ, Ereğli, Turkey

3 Bid closing dates for both projects A and B above are 28 April, 1988 and 29 April, 1988 respectively and no sealed bids shall be taken into consideration for evaluation if submitted to our above mentioned company address after the said date(s).

4 Our company reserves the right to place the order either partially or completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company. A full and complete specification for the above mentioned projects is available at the office of the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:
A.R. of Egypt, Malaysia, Singapore
Australia, Finland, The Netherlands, Spain
Belgium, France, New Zealand, Sweden
Brazil, Hungary, Norway, Switzerland
Canada, Indonesia, Poland, United Kingdom
Czechoslovakia, Ireland, Rep. of Korea, U.S. of America
Denmark, Italy, Romania, Zambia

Filing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1987.

Accounts payable in respect of current dividends:
Coupon No. 21

Country	Gross Dividend	Dividend payable, less 15% Japanese withholding tax	Dividend payable, less 20% Japanese withholding tax
Denmark	\$ 42.84	\$ 36.25	\$ 34.11
1,000 shares	\$ 42,840	\$ 36,250	\$ 34,110

Depository: Citibank, N.A., 336 Strand, S.A., London, EC2R 1HB, January 15th, 1988

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN MARUBENI CORPORATION

Further to our notice of September 15, 1987 EDR holders are informed that Marubeni Corp has paid a dividend to holders of record September 30, 1987. The cash dividend payable is Yen 5.5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depository has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

Country	Gross Dividend	Dividend payable, less 15% Japanese withholding tax	Dividend payable, less 20% Japanese withholding tax
Denmark	\$ 230.00	\$ 172.50	\$ 162.40
1,000 shares	\$ 230,000	\$ 172,500	\$ 162,400

Depository: Citibank, N.A., 336 Strand, S.A., London, EC2R 1HB, January 15th, 1988

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN MITSUI & CO., LTD

EDR holders are informed that Mitsui & Co., Ltd has paid a dividend to holders of record September 30, 1987. The cash dividend payable is Yen 4.5 per Common Stock of Yen 50.00 per share. Pursuant to the Deposit Agreement the Depository has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

Country	Gross Dividend	Dividend payable, less 15% Japanese withholding tax	Dividend payable, less 20% Japanese withholding tax
Denmark	\$ 0.008515	\$ 0.007238	\$ 0.006812
1 share	\$ 0.008515	\$ 0.007238	\$ 0.006812

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AUCTIONS

The Financial Times proposes to publish this survey on Friday 29th January. The following areas will be analysed:

PROPERTY

- a) Commercial property
- b) Residential property & land
- c) Agricultural land & farms
- d) Industrial investments
- e) Retail property

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ARTS



Exhibitions

LONDON

Tate Gallery, Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and discussion ever since it came into the nation's hands more than 130 years ago.

PARIS

Centre Georges Pompidou. Lucien Freud chose the 53 paintings for his first retrospective outside England. Apart from a portrait of Francis Bacon and a series of portraits of his first wife, the exhibition is dominated by his figurative nude portraits of the last 20 years.

Galeries Odeon-Cazenave. Maximilien Luce. Luminous and well-structured, he adds realistic images from a working class universe to many of the impressionist's themes of the Seine, the Thames and Saint-Tropez.

Musee des Arts Decoratifs. More than a thousand wooden toys from as far afield as Greenland, Mexico and Russia carved by 19th century woodcutters or modern designers recreate the enchanted childhood world of villages and dolls, horses and trains.

Grand Palais. Treasures of the Celtic Princes. Prestigious archaeological finds from what is, nowadays, France, Germany and Austria, bear witness to a luxury-loving civilisation which flourished in the Celtic universe.

WEST GERMANY

Munich, Kunsthalle der Hypo-Kulturstiftung. Rene Magritte 1898-1967. This is the first extensive retrospective of the Belgian surrealist shown in Germany. 140 works from museums and private collections in Europe and the US were sent to refute criticism that he was not concerned about what he was drawing.

ROME

Palazzo dei Conservatori Campidoglio. Hidden Treasure: The Imperial Silver Collection. From Kaiserzeit. An extraordinarily fine collection of silver tableware dating from 350 AD, hastily buried by the Roman general, Marcellianus and Romulus, when the Castrum Mauriacense (the site of the modern village of Kaiserlautern) on the northern perimeter of the troubled Roman Empire was threatened with barbarian invasion.

WASHINGTON

National Gallery. A century retrospective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers and still lifes.

CHICAGO

Art Institute. More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsruhe and Baden Baden as well as doing numerous commissions for German royalty.

TOKYO

Nepa Museum. Japanese swords and fittings. Objects of beauty as well as instruments of death, these swords are elegant in shape, line, texture and design.

Theatre

LONDON

The Ever (Mermaid). Jeremy Irons rosters into town in the BSC's Swan production by John Barton of Aphra Behn's rollicking comedy. It plays in repertory with the Chernobyl play, Sarcophagus, an urgent but clumsily crafted hospital drama set in a terminal radiation clinic as the first victims of the disaster are wheeled in.

A Man For All Seasons (Savoy). Charlton Heston begins his favourable comparison with Paul Scofield as Sir Thomas More in a leaden production of a play best left to amateurs and schoolchildren.

Antony and Cleopatra (Olivier). Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life. Judi Dench and Anthony Hopkins are battle-scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving.

The Phantom of the Opera (Her Majesty). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson.

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Massey. All good.

Serious Money (Wyndham's). Transferred from Royal Court of Caryl Churchill's sly City comedy for champagne-swilling yuppie: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid.

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the edge in greasy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale.

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings.

Cats (Winter Garden). Still a sellout. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically felix, but classic only in the sense of a rather staid and over-blown idea of theatricality.

42nd Street (Majestic). An inmodest celebration of the heyday of Broadway in the 1930s incorporates a stroll in the densely wooded garden, lovely at all times of the year, and forget you are in the heart of the metropolis.

A Chess Line (Strubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as antidotes rather than emotions.

La Cage aux Folles (Palace). With some useful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers.

I'm Not Rappaport (Booth). The Tony's best play of 1986 was on the strength of its work-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match.

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source.

Starlight Express (Gertrude). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot.

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British.

CHICAGO

Passion Play (Goodman). Peter Nichol's clever twinning of the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life in London.

TOKYO

35 Steps (Aoyama Theatre). Song and dance with the Shiki Theatre Company which specialises in musicals and which is celebrating its 35 anniversary this year. The evening features 35 extracts from past, present and future Shiki productions.

Kabuki (Kabuki-za). Tokyo's main Kabuki theatre is celebrating its centenary with a year-long festival featuring personal favourites and new works. The morning programme this month includes Kancho, in which the wily servant outwits his master's pursuers.

Music

LONDON

London Symphony Orchestra conducted by Wyn Morris with David Golub, piano. Beethoven and Rachmaninov. Barbican Hall (Thurs), (638 8891).

PARIS

Orchestre National de France, Radio France Choir. Mozart (Mon), Theatre des Champs Elysees. (47 20 36 57).

Soloists' Choir and Orchestra conducted by Hugues Reiner with Mikhail Rudy; Beethoven, Brahms (Mon), Salle Pleyel. (45 63 88 73).

Ensemble Orchestral de Paris conducted by Gilbert Amy; Ligeti, Gilbert Amy (Tue), Salle Pleyel. (45 63 88 73).

Gidon Kremer, violin; Martha Argerich, piano (Tue), Theatre des Champs Elysees. (47 20 36 57).

Orchestre National de France conducted by Kurt Masur; Alicia Wolszenberg, Flute; Mendelssohn, Mozart, Brahms (Thurs), Theatre des Champs Elysees. (47 20 36 57).

ITALY

Milano, Teatro Alla Scala; Maurizio Pollini, piano, Schubert and Liszt (Mon), (81 21 25).

Rome, Auditorium in via Della Conciliazione; Yuri Temirkanov conducting Mahler 2 with soprano Larissa Shevchenko and contralto Eugenia Gorochova (Mon and Tue), (66 41 044).

Roma, Teatro Olimpico (Fiazza Genova da Fabriano); recital by pianist Ugo Ughi (Wed), (39 33 04).

Roma, Oratorio del Gonfalone (via del Gonfalone 22/A); Anis Quintet. Vivaldi (Thurs), (90 18 205).

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Student Orchestra conducted by Lucas Vis, with Fred Oldenburg, piano; Rossini, Ravel, Rachmaninov (Tue), Hartmut Haenchen conducting the Netherlands Philharmonic, with Nazna Grubert, piano; Scriabin, Mahler (Wed), Beethoven, Haydn, Brahms (Wed), Arno Bornkamp, saxophone, with Ivo Janssen, piano, and the Beethoven Piano Quartet; Milhaud, Brahms (Thurs), (71 88 45).

The Hague, Philharmonie. Alain Lombard conducting the Hague Philharmonic, with Olivier Charlier, violin; Mozart, Mendelssohn, Beethoven (Thu), (60 98 18).

Utrecht, Vredenburg. Hartmut Haenchen conducting the Netherlands Philharmonic, with Nazna Grubert, piano; Scriabin, Mahler (Thu), (31 45 44).

Groningen, Oostport. The Netherlands Chamber Choir, Schomburg Ensemble and The Hague Percussion Group under Einarb de Leeuw; Messiaen, Dallapiccola, Ligeti (Tue), The Vocem group

with modern vocal compositions (Wed), Violin recital by Mark Lubotsky (Thurs), (13 10 44).

NEW YORK

Chamber Music Society of Lincoln Center (Alice Tully) Mozart, Peter Lieberon, Brahms (Tue), Lincoln Center (343 1911).

New York Philharmonic. Robert Johnson director, Haydn, Shostakovich, Mozart (Mon), Merkin Hall (Goodman House) 67th w of Broadway (362 3719).

Tokyo String Quartet. All-Beethoven programme (Wed), Kaufmann Hall, 1596 Lexington Avenue (851 8905).

New York Philharmonic. Zubin Mehta conducting, Maria Joso Firas piano, Wagner, Beethoven, Bach (Tue), Erich Leinsdorf conducting, Karl Böhm, soprano, John Alexander, Benjamin Laxon baritone, New York Choral Artists directed by Joseph Flummerfelt, Haydn (Thurs), Avery Fisher Hall, Lincoln Center (874 3424).

WASHINGTON

National Symphony. Giuseppe Sinopoli conducting. Salvatore Accardo violin, Verdi, Mendelssohn, Mahler (Mon); Mosley Kostrovich conducting, Nicola Ghimulev bass, Choral Arts Society of Washington directed by Norman Scribner, Bach, Shostakovich (Thurs), Concert Hall, Kennedy Center (254 3776).

CHICAGO

Chicago Symphony Orchestra. Hall: Hugh Wolff conducting, Earl Wild piano, Barber, A Paganini, Beethoven (Thurs), (436 8111).

Opera and Ballet

LONDON

Royal Opera (Covent Garden). The new production of Rossini's Italian in Algeria is led by Agnes Balza and the veteran buffo bass distinguished contributions come from baritone Alessandro Corbelli, and conductor Gabriele Ferro.

English National Opera (Coliseum). Hassan and Graci, in the new production by David Pountney conducted by Mark Elder, is a triumph of imaginative operatic reworking. The revival of Der Rosenkavalier introduces Valerie Masterson's Marschallin. The famous Jonathan Miller Malatesta Rigoletto has its last ENO performance.

Royal Ballet (Royal). Two performances of Giselle followed by a triple bill.

PARIS

Paris Opera. Orpheus aux Enfers is conducted by Leif Segerstam, with Michel Sénéchal, tenor, dominating Offenbach's joyous parody of Gluck. (47 428 750).

The revival of Der Rosenkavalier introduces Valerie Masterson's Marschallin. The famous Jonathan Miller Malatesta Rigoletto has its last ENO performance.

WASHINGTON

Washington Opera (Eisenhower). The company revives its 1986 hit L'italiana in Algeri with Mimi Lerner and Francis Loup in repertory with Ruggiero. Kennedy Center. (254 3670).

HMS Finlayson (Opera House). Brian Modona's production stars Ben Moody and Meg Bussan. Kennedy Center. Ends Feb 6. (254 3770).

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ARTS

Cinema/Nigel Andrews

Male come-uppance

Fatal Attraction (18) Plans and general release... No Way Out (15) Odon Leites... The Glass Menagerie (PG) Cannon Haymarket...

Fatal Attraction is the American thriller which has so far burned a 130-million-dollar hole in US filmgoers' pockets...

For them Fatal Attraction is male chauvinist piggy at 24 frames per second... The dice they say, are loaded as follows...

movie. For Fatal Attraction is a wonderfully batty fable about a male-dominated society...

Of course the plot goes off the rails: the plot is about going off the rails. Of course, after its teasingly plausible early scenes...

Baddy-made, this film could have been a crack-handed shocker, barreling towards its climax of blood-on-the-eye violence...

How many routine thrillers, come to that, would boast Miss Close? The true vindication of Fatal Attraction's power is that...

still vestigial in the crazed logic with which she pursues her passion all the way to the grave...

The furor around Fatal Attraction has raised an important issue. There is a censorship by wrong-thinking people...

No Way Out is another American thriller powered, this time more dimly, by sexual infidelity. Updating Kenneth Fearing's novel...

Who'dunnit? Well, Hackman the dunnit. That is no secret. The question is: will Costner be framed for the deed, or can he discover and dish the dirt on Hackman first?



Glenn Close and Michael Douglas in "Fatal Attraction"

(of The Bonny and Clyde), the film bows along with tolerable brioche except in those moments when it pauses for breath...

And there are other follies. But when not giving one pause for fatal reflection, the film is sleekly staged, well acted...

In The Glass Menagerie, directed by her husband Paul Newman, Joanne Woodward goes at the part of Amanda like a starving person let loose on a

six-course meal. Those flying blurbs you see in mid-air are the bones she is throwing over her shoulder. That high polyphonic squeaking sound, as of china plates being scraped for their last scraps of nourishment...

Tennessee Williams's Missouri materfamilias is a trifle dotty even as written. But Woodward has a high and winning time turning the screw on a screw lady. Her performance, like the whole film, is a surprising triumph.

Photographed with rapt and darkening grace by Michael Ballhaus (formerly Fassbinder's cameraman) and directed with self-effacing skill by Newman,

this could be the best Williams movie since the best one of all: A Streetcar Named Desire.

Meanwhile the dialogue has been to the Tennessee Williams school for wacky periphrasis: "I am so wrong for this kind of imbroglorio" and the like.

Best of all, the movie is a triumph of the spirit. It is a triumph of the spirit. It is a triumph of the spirit.

Endless Parade/Barbican Hall

Max Loppert

"Endless Parade" is the subtitle of the BBC's short Harrison Birtwistle Festival, which ended with Wednesday's BBC Symphony Orchestra concert conducted by Peter Eotvos.

As Andrew Clements' programme note justly pointed out, this is a title relevant to a good deal more of Birtwistle's works than only the brilliant and exhilarating one to which it is actually attached.

All these features, and the tingling rhythmic energy supplying the parade with its motoric power, are shared by more than one Birtwistle work of the last decade.

La Fille mal gardee is joyously performed on Wednesday by Sadler's Wells Royal Ballet.

The sense of happiness engendered by the cast, the involvement of everyone on stage in the pastoral delights of the action, the feeling that the story mattered to them and that they savoured its unadorned charm quite as much as we did.

Leading the cast were Sandra Madgwick as Lise and Iain Webb as Colas. Both are easy, natural, and their every action fresh, their reaction to the drama as lively as the response to the choreography.

This was a concert performance of authentic instruments - a potentially reconcoiled to be one of the composer's most successful dramatic works and its tautness and vitality can be appreciated even when the piece is in the concert-hall.

The orchestral writing is as lively as any of the symphonies written during the same period. On Wednesday night the playing of the Orchestra of the Age of Enlightenment and the Sigtswald Kujken made it as invigorating as one might expect these personnel would.

Indeed, the advantages that should accrue from performing classical operas with the right sense of scale and style are so self-evident that it seems strange they have yet to benefit fully from the authentic movement. Whether in live performance or on record, the problem has always been the apparent need to have singers who sound as if they were not much else, as though being dramatically bland is in some way appropriate.

To be fair, there were signs of life from the two most familiar singers here. Stephen Varcoe can generally be relied upon to give any text he sings verbal bite, and he managed to impart a distinct personality to the role of the peasant Nanni despite having few solo opportunities. Most of the arias fell to Nancy Argenta and only the moments of caricature in them came across with any dramatic interest, beautifully though she sang in each.

Among those appearing with him will be singer Marian Montgomery, pianist Laurie Hollom, guitarists Marc Fosset and Martin Taylor and special guest Sir Yehudi Menuhin. The concert starts at 7.45pm.

Easy Virtue/Kings Head

Michael Coveney

Noel Coward's Easy Virtue may have disappeared for over 60 years, but this new revival at the Kings Head is a real eye-opener.

Coward set out to achieve the tone and plot of a Finero play but ends up with something like his own. A woman with a past like the second Mrs Tanqueray failed to live down her torpid reputation and died in disgrace offstage.

The critical reception to this play was unfriendly. George Jean Nathan dubbing it an "ancient whangdoodle" (the punner was in New York). In fact, the piece is nothing like Finero. It aspires towards the revolutionary expressionism of Semi-Mondo two years later, in 1926.

Coward's dialogue takes off when she meets the dull respectability of a New York banker. The piece is nothing like Finero. It aspires towards the revolutionary expressionism of Semi-Mondo two years later, in 1926.

their sort of funds which lead to them "watching ourselves go by," thus prefiguring Gerry's findings and all the Kings Head's to which Larita undoubtedly belongs.

The writing always takes up in Coward when people are using title-tattle to avoid real conversation. The callow groom John (John Arthur) has a starchy paternalistic power with the fiancée he has ditched, Sarah Home (Julie Dawn Cole).

Coward's first Sarah, Joyce Carey, was in the audience last night, a sprightly and delighted 90 year-old. Her presence was a great moment here in Larita's third act entrance at the ball from which she has been banned after being uncovered as someone who appeared in the papers after a lover committed suicide.

The staging in this impressively intimate arena avoids any awkward embarrassment. The snip-pets and goblets of party chatter have been beautifully managed and Larita strikes deliciously low-key Mrs Whit-taker amidships with frank explanations. Nor is the production afraid to give free rein



Edie Carls and Jane How

to the older, hypocritical daughter (Miranda Kingsley) is a riot of gauche and clumping suburban indignation. Her spirited, vengeful sibling is given the full breathy pop-eyed work by Lois Harvey, making a good debut.

Forgetting the models, the play is about a relationship forged in a champagne leisure atmosphere that evaporates in the Home Counties. Living in subservience to expectations, the paternal Colonel Whitaker, a nicely judged elderly performance - his first? - by Ronnie Stevens, explains why Coward never wrote the speech he owes his meddlesome wife. All opposition has been sadly absorbed in a savagely sarcastic drawing room manner.

Hours by the Window

Martin Hoyle

The 55-minute memento mori at Chelsea's Man in the Moon theatre pub in the World's End packed an much information that it comes over as a dramatized documentary, yet paradoxically leaves a question mark about its main character.

The aquiline-featured invalid is dying. Two women argue about following his example. These are his wife and her younger, idealistic self, recalling a suicide pact. The man stirs, nags his wife for the medicine that will bring release. She delays ("we said we'd wait until dark"). The action flashes back and forth in an attempt to explain the double deaths in 1983 of Arthur and Cynthia Koestler.

This, I suspect, stems from the author Margaret Douglas's reluctance to admit that the respected intellectual was an emotional bully. Not always knowingly and often with deep regret, as when he remembers his first wife (played with bright charm by Belinda Adye) whom he forced, among other things, to live on a damp island despite the asthma that would eventually kill her.

Smith). Both old and young embodiments of the couple are frequently on stage together but the latter is never uttered. Only the writing is over-eager to inform. Hiring the young Cynthia as secretary, Arthur rattles off his friends - Sartre, Simone, Camus ("why did I hit him that time?") - but a quick précis of the strain of his anti-communism has branded him a fascist hyena among the French intelligentsia.

Deciding on suicide, the older, cancer-ridden Koestler (Peter Miles, faintly resembling the portrait of the aged, blind blind) recaptures the tragedy of life and liberty without the gift of empathy.

Only the bitterest Liberal rebel could remain unstartled at the opening intelligence that "David has been put down by the vet." Penny Stokes' direction switches between past and present, France, America and Britain, with successful fluidity on the small acting area (lighting consultant: John Farquhar).

La Fille mal gardee

Clement Crisp

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Arts news in brief...

There will be a royal gala performance of the musical South Pacific starring Gemma Craven at the Prince of Wales theatre on January 19, organised by the Royal Opera House Society for the Blind in conjunction with the Park Lane Group. Princess Margaret will attend.

FINANCIAL TIMES

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Friday January 15 1988

No need for subsidies

INWARD investment has long played a key role in regional policy in Britain. It has also absorbed large amounts of taxpayers' money, as successive governments have engaged enthusiastically in the competitive race to subsidise internationally mobile projects.

On the face of it, inward investment looks ripe for reconsideration - particularly from a Secretary of State for Trade and Industry like Lord Young, who believes that investment decisions are best left to businessmen. Why has it escaped a more radical review in this week's white paper on the role and policies of his department?

The case that the white paper makes for inward investment is scarcely controversial. Apart from the Government's overall commitment to open markets, there are two main planks to the argument. The first concerns the example set by inward investors to businessmen in the domestic economy, in terms of innovation, management practice and the beneficial effect on domestic suppliers. The second asserts that inward investment is a valuable way of building the strength of the economy.

Old mistakes

This is fine up to a point; but if such investment is brought in with the help of government subsidies, it is questionable whether the economy will be strengthened in the way that politicians assume.

The white paper makes clear that internationally mobile investment projects will continue to meet the criteria for regional selective assistance, under which the claimant has to convince officials that the project would not go ahead without public funds. That inevitably means that the investment projects in question will tend to be marginal.

The period in the early 1980s when sterling was substantially overvalued left a suspicion that subsidised investment of this kind is more than usually vulnerable to changes of heart in the foreign head office. Such a policy risks perpetuating, in an international dimension, all the old mistakes of British

regional policy that Lord Young is otherwise anxious to avoid.

Nor should the benefits that inward investment brings in terms of innovation, work practices and management in the host economy be seen in isolation. There are off-setting costs, in the shape of the adverse impact on unsubsidised domestic competitors of subsidised foreign business, including the effect on employment.

Lord Young's case for continuing with subsidies for inward investment is pragmatic: if everyone else is doing it, Britain cannot afford to abstain. Yet the logic of a level playing field is deceptive. If other countries are distorting their economies by subsidising sub-optimal investments, why should Britain handicap itself by doing the same?

Massive incentives

Within the European Community probably Ireland has been the most generous to inward investment, but its performance is hardly an advertisement for the policy. In the developing world massive incentives to inward investment are common, the classic package being a combination of protection and investment subsidies.

In the UK, too, many of the subsidised foreign firms benefit from protection, often having come into the country just to jump over protective barriers. The cases of motor vehicles, of television sets and of video-cassette recorders come to mind. The danger is that the profits "earned" by the investor represent no more than transfers from domestic consumers and taxpayers. Those transfers will ultimately be expatriated and so lost to the UK.

To justify the incentives, therefore, one has to be sure that the positive spin-off effects on the domestic economy offset these certain losses.

Within the community Britain has numerous advantages as a host for inward investment without resorting to subsidies. In the absence of a more radical approach, it would do no harm if Lord Young's department exercised its discretion with the means of Scrooge.

Ian Davidson assesses France's electoral prospects - with or without the President

FRANCOIS MITTERRAND is driving them all mad. Will he stand for re-election in this spring's presidential election? Or won't he? He does not say.

Everyone knows that he is the left's strongest potential candidate; but not merely for that he repeatedly refuses to say whether he is standing for a second term or not, he has deliberately teased opponents and allies alike by keeping open the doubt. Whenever he appears in public, whenever he meets the press, he elliptically and ironically toys with the many valid reasons which might tempt him to choose a quieter and more contemplative life. He is, after all, 71.

In the last few days, the irritation effect of the Mitterrand ploy has started to get under the skin of his right-wing opponents. A week ago, Mr Edouard Balladur, the Finance Minister (a close associate of Mr Jacques Chirac, the Prime Minister, nick-named The Archbishop for his episcopalian suitability), gave vent on television to an uncharacteristic display of impatience with the long game of cat and mouse.

He called on President Mitterrand to say whether he is or is not a candidate, and went so far as to describe the Mitterrand tactic of ambiguity as "a bit tiresome" (*un peu lassant*). He also urged Mr Chirac to declare his candidacy at the earliest possible moment.

The second of these wishes will shortly be gratified: Mr Charles Pasqua, Interior Minister and one of the leading barons of the neo-Gaullist party, *Rassemblement Pour la République*, says Mr Chirac will declare before the RPR convention on January 24 and the latest rumour says it could be as early as Monday. But still there is no sign of a decision from Mr Mitterrand.

The perversity of the situation is that Mr Chirac's declaration will change nothing substantial on the political scene since everyone has long known he will stand; whereas President Mitterrand's reticence represents not just the most important, but the only significant unknown about the election running order.

Yet the paradox is that the President's ambiguity, which once caused anxiety on the left, now seems to be infusing the mainstream Socialist Party leadership with a spirit of calm cheerfulness. Those who, were once most anxious for reassurance that he would stand again now affect to draw the most reassuring conclusions from his silence.

If Mr Mitterrand were to decide not to stand, said Mr Lionel Jospin, First Secretary of the Socialist Party in a recent radio interview, he should say so "early enough". But if he is standing, he does not need to say so in public just yet. Similarly, Mr Pierre Berégovoy, former Socialist Finance Minister, argued on television that Mr Mitterrand should not engage "too quickly" in the electoral battle.

The Socialist leadership's calculation seems to be based on two factors: their reading of Francois Mitterrand's character and their overriding need of him as their only possible champion.

Certainly the President appears full of vitality and in his recent travels he has displayed stamina remarkable for a man of his age. Moreover, for all that he may affect to be tempted by the attractions of a life of quietude, he gives every sign of intense commitment to the policy aspects of his role, especially in defence and foreign affairs.

During the past seven years, he

Mitterrand in the hall of mirrors

has managed to bring off the combination of a rapprochement of French foreign and defence policy with the rest of Europe, and more especially with West Germany, with a strengthening of France's commitment to the Atlantic Alliance, yet without apparently challenging the inheritance of Gaullist orthodoxy, and above all without breaking the popular French consensus. It has been a truly brilliant performance.

But wishful thinking is no doubt an even stronger element in the Socialist Party's calculations. Month in and month out, with great consistency, public opinion polls have been putting Mr Mitterrand well ahead of any other possible candidate; not by enough (more than 50 per cent of the vote) to win outright in the first round of voting, but always by enough to win convincingly in a second round against the runner-up.

The ranking of the other leading candidates, however, appears to have changed in two important respects. During the second half of last year, Mr Mitterrand's most serious opponent seemed likely to be, not Mr Chirac, but Raymond Barre, the rotund former Prime Minister under President Valéry Giscard d'Estaing, increasingly identified as the champion of the centrist parties in the government

The President's ambiguity is infusing the Socialist Party with calm cheerfulness

coalition. It appeared that if Mr Mitterrand, Mr Barre and Mr Chirac stood, the most likely runoff would be between Mr Mitterrand and Mr Barre with victory going to the former.

However, Mr Chirac seems to have narrowed the gap with Mr Barre. The most recent Harris poll published in *L'Express* newspaper gives Mr Mitterrand 38 per cent, Mr Barre 22 and Mr Chirac 20 in a first round. If Mr Chirac is to have the winning, he must finish ahead of Mr Barre in that round.

The second shift to emerge is that Mr Mitterrand is the left's only plausible champion. During the second half of last year, Mr Michel Rocard, former Socialist Agriculture Minister and semi-declared rival of Mr Mitterrand, seemed to be in the running; if Mr Rocard did not stand, Mr Rocard would be beaten in a runoff against Mr Barre, but he might win against Mr Chirac. The latest figures suggest that if Mr Rocard were the Socialist candidate, he might have a paper-thin lead in the first round, but would be beaten by either Mr Barre or Mr Chirac in the second.

It remains possible that Mr Mitterrand has not taken a final decision. In a recent straw poll of

prominent figures who claim to know him well, published in *Figaro Magazine*, some predicted that he would stand and some that he would not, but none claimed to know for certain.

But even if he has not yet made up his mind, every day that passes makes it more difficult for him to decide not to stand. Mr Jospin claims that the Socialist Party needs no more than eight days to nominate a candidate, but that is whistling in the dark. The question is not whether the party would have time to nominate a candidate, but whether it could nominate a candidate with a ghost of a chance.

Mr Rocard is, in any case, not the only conceivable alternative. Mr Jean-Pierre Chevènement, former Minister of Education, claims to be holding himself in readiness for the race, but some leading Socialists dismiss as negligible his chances of representing the party and speculate that the choice might eventually fall on Mr Laurent Fabius, a former Prime Minister. But none of these names looks like a winner in present circumstances.

The Socialist Party's working assumptions must therefore be that, so long as the opinion polls seem to give him victory, Mr Mitterrand will eventually decide to stand again, and that his chances of winning will be improved by not declaring too soon. Once he declares his candidacy, he becomes a partisan of the left, but until that moment, he remains aloofness as the President of all Frenchmen and can affect to stay above the fray.

The question is in what sense would Mr Mitterrand be a partisan of the left? Part of the answer will be provided this weekend when the Socialist Party holds a national convention to adopt a new party platform drawn up by the Mitterrandist mainstream.

This wordy document - it runs to 75 pages, followed by 12 pages of amendments - is a far cry from the fervent left-wing self-confidence which preceded the Socialist's conquest of power in 1981 and led to their heavy programme of nationalisations, social reform and the dash for growth of the following two years. In its place we have an eminently cautious programme, which talks much of justice and democracy, but scrupulously avoids promises of dramatic Socialist innovations.

Would the party rationalise companies privatised by the Chirac Government? The programme gives a pragmatic answer: the nationalisations of 1981 performed a useful function and, in future, companies should be able to join or leave the public sector according to practical requirements. Growth is essential



The front runner, President Mitterrand, and a leading challenger, Jacques Chirac

to reduce unemployment, but the unilateral dash for growth was halted by balance of payments constraints, so this time the party advocates a co-ordinated European growth strategy. In short, the socialism of this Socialist Party has become a much more dilute affair, recognising that France is, after all, only a middle-size European country, the future of which is largely defined by the effectiveness of its co-operation with its European neighbours.

On the basis of partial returns from the party's federal convention, there seems no doubt that this main text will be adopted by a large majority. But it also seems clear from the votes of support for the rival amendments, put forward by Mr Pierre Chevènement and Mr Jean Poperen, that there is unhappiness among some of the militants at the dilution of Socialist dogma.

Mr Chevènement is advocating a European growth strategy, but based on European protectionism, with the threat to take France out of the European Monetary System if the other European countries disagree. Mr Poperen, No. 2 in the party until a year ago, has called for the negotiation of a binding social contract between unions, employers and the state to govern investment, jobs, wages and training.

Neither has more than symbolic importance. But, the second Poperen amendment, in which he

calls for the automatic dissolution of the National Assembly after the presidential election, raises a more interesting question: is France facing a presidential election, or is it facing a presidential election followed by a general election?

The most plausible answer is that it all depends on who wins and by how much. Mr Barre has declared that he definitely would call general elections if elected; Mr Chirac that he definitely would not; on behalf of Mr Mitterrand, the Socialist Party prefers to remain uncommitted.

Yet the odds are that a convincing win by any one of them would lead to new elections: Mr Barre to reinforce his position against the neo-Gaullists; Mr Chirac to enlarge his narrow majority; and Mr Mitterrand to seek a working majority, either of the left or of the centre-left. In any event, it would be difficult, after the prospective slanging match of the presidential election, for Mr Mitterrand to soldier on with a right-wing government in a continuation of the past two years of "cohabitation".

France seems both mesmerised and exhausted by a presidential election campaign which already seems interminable, and in which solid policy debate comes a poor second to personality posturing and media manoeuvring. The worst of it is that the struggle is liable to continue not only until the presidential elections in May, but for a further stretch thereafter.

Taiwan and the world community

AS THE Year of the Dragon approaches, a traditionally unpredictable period in the Chinese calendar, Taiwan loses its leader, ending the Chiang family domination of one of Asia's most remarkable "Little Tigers" since its separation from mainland China in 1949.

The last Year of the Dragon was suitably turbulent; Mao Tse Tung died on the mainland and the Gang of Four was arrested. But unease following the death in Taipei of President Chiang Ching-kuo will extend beyond traditional Chinese superstitions. The Government of this island enclave of 20m still officially proclaims China is facing difficult challenges, both domestic and external.

Chiang Kai-Shek's authoritarian Kuomintang Party presided sternly over one of this century's more spectacular economic success stories. Yet Taiwan has been persistently tardy in its willingness to liberalise either its markets or its political structures; recently there has been some significant movement on the latter but not nearly enough on the former. The key question about Lee Teng-hui, the new president, is whether he has the political weight necessary both to expand personal freedoms and to liberalise the economy.

Lee, who was born in Taiwan, personifies the new "kaiming" (open-mindedness), Taiwan's equivalent of Deng Xiaoping's open-door policies and Mikhail Gorbachev's "glasnost". It was Chiang himself who started the process last July, by lifting martial law. Since then, progress has been made on freedom of political association and the right to form new political parties. Fetters on the press have been loosened and for-

eign exchange restrictions relaxed.

The improvements were given most poignancy by the agreement between Peking and Taipei towards the end of last year which allowed the first visits by Taiwanese to relatives on the mainland for 38 years.

Having resolved the Hong Kong and Macau colonial problems by devising a "one nation, two systems" formula, Peking is now anxious for Taiwan to return to the fold. The reluctance of the Taiwanese is easily understood. Their per capita income increased four-fold to \$2,500 between 1978 and 1986, about 10 times the level of China. Foreign currency reserves of \$75bn (second only to Japan) and an inexorably rising payments surplus have been achieved by export-driven economic policies.

Yet for all Taiwan's economic achievements, there is no room for complacency. Pressure for higher living standards among the working population and for greater political freedom seem inevitable, as it became in South Korea. At the same time Taiwan needs a greater degree of integration into the world community and a restoration of the diplomatic links lost when a succession of states followed the US into recognising the Peking administration at the expense of Taipei.

Trade may prove a key lever here. A more liberal import policy and the dismantling of some of the excessively restrictive trade barriers, coupled with investment and aid ventures in some of Asia's less prosperous countries, would do much to ease international antagonism towards Taiwan.

No longer the Boy David

A few points about David Steel who must be on his way out as leader of the Liberal Party.

He has been at times an extremely lucky man. He has made some inspiring speeches. He was also ambitious and can be ruthless. More recently he has been suffering from indecisiveness.

The luck came at the beginning when as the youngest MP, having entered Parliament through a by-election, he drew top place in the ballot for Private Members' Bills. He was uncertain whether to go for reform of the abortion laws or homosexuality. He consulted the Home Secretary of the time, a man called Roy Jenkins, who advised him to choose abortion.

His best speeches were made not in the House of Commons, where he never really shone, but at the annual Liberal Assembly after he became party leader in 1976. Re-read now, they still come out as a clarion call for the realignment of the centre left. They are a chronicle of a decade.

His ruthlessness emerged when he rounded on the same Roy Jenkins during the general election of 1979, when he was an ineffective leader of the Liberal SDP Alliance. He did so by calling a summit meeting at his home in Ettrick Bridge, just on the Scottish side of the border. That place has always been important to him. Even pilots sometimes point it out to passengers when flying from London to Edinburgh. Steel is known to everyone for miles around, almost like an old friend.

Ruthlessness and ambition came out again immediately after the general election last year when Steel called for a full merger between the Liberals and the Social Democrats almost without having analysed the election results, which were actually not all that bad for the Alliance.

David Owen, the SDP leader, had never wanted the merger in

Salomon's troubles

Rumours of takeovers and palace coups swirled around Salomon Brothers yesterday as management handed out slimline bonuses for the past, troubled year.

Bubbles of discontent, issuing forth from employees of the Wall Street giant for many months, had been growing louder as the annual day of reckoning approached. By some analysts' calculations, the staff might be sharing a pot of only \$50m against some \$170m last year, following a year of damage to finances and morale from trading losses, rigorous restructuring and 800 firings running from the vice chairman, Lewis Ranieri, to the mail room.

Given the trials and tribulations, many staffers thought it appropriate that John Gutfreund, chairman, decline a bonus and is taking only his

base salary of \$300,000, deferred compensation of \$800,000 and 300,000 Salomon stock options exercisable at \$18.125, some \$4 below yesterday's rumour-inflated price. He earned \$3.2m in 1986.

He will feel the pinch, judging by recent magazine articles on his wife's spending habits. Susan, a 41-year-old former Pan Am stewardess and ex-wife of a wealthy Texan, has spent tens of millions of dollars refurbishing magnificent homes in New York and Paris since she married Gutfreund in 1981.

Although colleagues admire the way he turned the bond house into a major global securities firm, some blame him for its present difficulties. Few members of the intensely competitive Salomon world are prepared to give him much time to pull off a turn around.

OBSERVER



"Maybe we'd stand a better chance of getting a grant from Lord Young than the Arts Council."

base salary of \$300,000, deferred compensation of \$800,000 and 300,000 Salomon stock options exercisable at \$18.125, some \$4 below yesterday's rumour-inflated price. He earned \$3.2m in 1986.

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Wrong place

Polly Peck International, the trading group headed by Asif Nadir, has had to cope over the

Cautious Tykes

There are few more impressive sights in the world than a Scotsman on the make. If M. Barrie once observed, "Had he been alive today, he might just have agreed that a Yorkshireman asked to part with his money is equally, if not more, impressive."

A case in point is the resolve among the Yorkshire Labour group of MPs to increase their influence in Parliament. There was hardly a murmur when each was asked to contribute £400 from their personal allowance to pay a public relations assistant. But come the day of reckoning only seven of the 81 had paid up.

Huddersfield MP Barry Sheerman, one of those who did not pay, said: "Half didn't reply to the suggestion and most of those who did sent back positive notes."

The blunt answer to a blunt question has led Sheerman to suggest a new attempt. He said: "I think we should give them a range of options and perhaps a range of contributions starting at £50. Then see what we can afford." The MP for Scarborough, Stan Crowther, a past chairman of the group and another member of the munificent seven, said: "Personally I think we should give up on it. We are not getting anywhere. I spent more than 11 years trying to improve our identity, but it was difficult to drum up enthusiasm."

Dying fall

Someone arrived at the Peary Gates to be met by St Peter, who said: "You're being transformed into a mayfly. Have a good day."

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I AM NOT supposed to tell you the name of the head of Britain's MI6...

Politics Today

The games politicians play with secrecy

By Joe Rogaly

In London, do not bother to ask. Secrets are regarded with the unthinking enthusiasm of a gang of schoolchildren who have formed a private club.

This conviction is shared by most Conservative, including Mr Richard Shepherd, whose Protection of Official Information Bill is to be debated in the House of Commons this morning.

Her Home Secretary, Mr Douglas Hurd, has promised a White Paper on the matter later this year, with an officially approved bill to follow shortly.

It runs as follows: first, a great deal of the best gener-

ated over the past couple of years in the form of the present 'Secret Seven'...

Secondly, the Government believes that it still has no option but to pursue the newspaper that wish to publish extracts from Mr Peter Wright's book...

It is thought unlikely that a Law Lords judgment would go against the Attorney General (Colson) if that judgment is made at the end of the matter.

mean that even if a future copy told all to the Sunday papers, the papers themselves would be in breach of the law if they printed what he said.

Except for the last point, there is not at this stage a great deal of discernible dissent among those preparing the new bill.

There is also not much internal dissent over the principle of the next proposition, which is that a separate, but nevertheless effective, definition of security (different from that applying to the security services) should be applied to defence and foreign policy.



'No - it's the SECRET Seven, said Margaret, firmly. The best Society in the world. Hurrah for the Secret Seven!'

and (b) what would be acceptable in Strasbourg. The state's need to protect some secrets would be in breach of the law...

In London, secrets are regarded with the unthinking enthusiasm of schoolchildren who have formed a private club

that it acknowledged to be non-secret. Most of Whitehall wants as much as possible of everything else to be super-secret too...

As to whistle-blowing about abuses within MI5 and MI6, which is arguably where the bare needs of core security matters, and as far as acceptability to Parliament and the European Court will allow.

ministers themselves are to decide what is to be secret, with no recourse to any outside body, then the House of Lords, the European Court and public opinion generally cannot be expected to accept that the new law is about security, as opposed to the prevention of discovery of government errors and misdeeds.

Mr Shepherd's bill provides for an appeal to the Judicial Committee of the Privy Council, which would rule on whether a minister was right to classify a disputed document as secret on the ground that it would be damaging to the public interest to disclose it.

It is here that a vital additional ingredient comes into the equation. The acceptability of any of the above will depend upon the proposed mechanism for keeping the executive in proper check. If

before Mr Wright retired, there might never have been a Spycatcher case. Yet Sir Philip remains a part of the executive; he does not stand apart from it, as Lord Justice Lloyd does on telephone tapping.

The Government would argue that this is not necessary, since the Security Commission looks into breaches of security (but that is not what the critics are on about), while there remain two further protections: the courts and the honest nature of the Prime Minister and the Home Secretary.

It will be seen from this outline of the bones of what is being debated that there is a strong possibility that a bill will be drafted that will take restrictive powers beyond the bare needs of core security matters, and as far as acceptability to Parliament and the European Court will allow.

There have been many adverse changes. Crime, for example, is much higher; this raises anxiety levels and implies that communities are less cohesive. Church attendance is markedly down, sug-

Lombard A barometer of happiness

By Michael Prowse

MRS THATCHER recently boasted that the UK was no longer known abroad for the 'British disease' but for the 'British cure'.

Thatcherism as a political ideology is almost exclusively concerned with economics and material wealth; the sort of words one keeps hearing are 'efficiency', 'productivity', 'incentive' and 'enterprise'.

Psychologists will testify to the lack of a close correlation between material comfort and happiness. They will also argue that a sense of well-being depends on a wide range of sociological factors.

There have been many adverse changes. Crime, for example, is much higher; this raises anxiety levels and implies that communities are less cohesive. Church attendance is markedly down, sug-

gesting a withering of spiritual values. Environmental pollution is greater and much beautiful countryside has been lost forever.

All this suggests that the UK, on any broad socio-economic criteria, is more 'diseased' today than in the past. Moreover, policies devoted to raising work-effort and the value of material production are not guaranteed to improve matters.

In the first place, it would require a willingness to emphasise the positive virtues of leisure and the need for shorter working hours and longer vacations. The Government could start by announcing an extra fortnight of public holidays; the UK has far too few by international standards or in comparison with its ever-growing stock of material goods.

Lastly, the Government might accept that social and economic equality is a goal worth pursuing for its own sake. Inequalities inevitably breed tension and unrest; they divide communities and lessen people's respect for each other. They run counter to a sense of natural justice. If more equality meant the sacrifice of a few extra consumer durables, it would be a price well worth paying.

Hedging cannot go this far

From Mr Stephen Mobbs. Sir, It is disappointing that even Anthony Harris believes 'programme traders' and 'high technology hedgers' are 'guilty as charged' of causing the stock market crash.

It is logically impossible for half the market to be hedged. Although half the holders of stocks may have sold futures contracts to hedge their positions, other investors must have bought the futures contracts.

Portfolio insurers are 'guilty as charged' because they sell stocks as the price falls. However, programme traders are innocent because the net demand for stocks and futures contracts is always zero.

Ironically, it is the behaviour of conventional traders that is more likely to increase market instability. This happened on Black Monday, as traders and investors hurriedly covered long positions were forced to liquidate as the market fell.

Elementary economics tells us that markets with upward sloping demand curves will be unstable. Is this a necessary consequence of the activities of leveraged unhedged investors?

Letters to the Editor

London may remain a minor exchange

From Mr J.H. Colegrave. Sir, Before Big Bang, London was as good a market for securities as any in the world. It merely lacked, as it has done most alarmingly since the war, a sufficiency of risk capital in the jobbing system.

This lack would have been corrected once and for all, and Big Bang would never have been necessary, if the recommendation of an ad hoc committee of the Stock Exchange Council had been accepted in the early 1960s.

Acceptance of that recommendation would have heralded the demise of single capacity, and a thoroughly workable system would have evolved through the twin guardians of necessity and experience.

We now have a hastily organised - and already failed - system of 'market making'. Having repeatedly claimed, as we have done over the years, that we have the best system in the world, we must now learn some lessons from America where the 'specialists' in order to succeed, must prove that he has 'jobbed' against the trend and not merely swum with it - and in circumstances where he cannot take refuge behind an unanswered telephone.

Until we have reorganised our affairs in such a way that

much of the 1980s. The abolition of the pass laws and discriminatory job reservation in the 1980s coincided with a period when more than 140 firms, including Britain's Barclays Bank, divested from South Africa.

Today blacks still earn, on average, a fifth of what whites earn; and black infant mortality rates are 30 times above those for whites. What is needed is even greater international pressure and more investment. Those who doubt this should ask themselves when, over history, has a dictatorship strengthened by economic prosperity ever reformed itself out of existence?

Avinash D. Persaud, London School of Economics, East Building, Houghton Street, WC2.

Hold the front page

From Malcolm Holliday. Sir, 'Scoop', the Waddington's game referred to in your Observer column (January 11), had not been completely forgotten. My children enjoy playing divergent origins the proposed game, although the cardboard telephone ('to obtain the Editor's decision on a story') has suffered from vigorous use over the years.

The newly revived game is not the only one to have real competitive edge. My version, dating from about 1960, has The Times, the Daily Express, and the Daily Mail. However, this does not necessarily set a good precedent for the Murdoch bid in the new model; my game also includes the News Chronicle and the Daily Sketch, both now defunct.

Malcolm Holliday, Plus Vieux, 59 Place Grone, Brookmans Park, Hatfield, Hertfordshire

Prosperous dictatorships do not reform

From Mr Avinash Persaud. Sir, The Director General of the British Industrial Committee on South Africa, Mr Nick Mitchell, recognises the brutal nature of apartheid, but argues that recently some 'reforms' have been made (Letters, December 23). This does not imply that foreign investment is an agent for change in South Africa - as Mr Mitchell goes on to say it is. Rather, recent 'reforms' highlight my point (Letters, December 23) that it is reduced foreign investment that fosters change.

The significant difference between the 1980s in South Africa, when there was some 'reform', and the 1960s and 1970s when there wasn't, is that in the 1980s there has been a marked turnaround in economic growth and foreign investment. In the 1960s GNP growth was around 5 per cent per annum, but it has been negative for

European Telecom Organizations ask you: Complicated business communication or Teletex?

'A single piece of paper on the death of David Hume brought me ten times more shame than the really strong attack that I made on the whole economic system of Great Britain.'



Adam Smith to Andreas Holt, head of the Danish Board of Economy, 1780.

Thanks to attacks by the father of all economists, Adam Smith, economic systems have changed considerably. At any rate more than business correspondence, which at his time was very complicated and time-consuming. And many people have these problems even today.

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African one-party states can forge a sense of unity

From Mr Tombs Amies. Sir, With regard to your leader comments (December 29) on the one-party state, allow me to express the views contrary to beliefs widely held in the west. In support of the one-party state and the need for it in Africa.

Africa is artificially divided; the nations are unnatural (population) and the political statehood it is necessary, in order to maintain some peace and freedom, to portray a sense of unity, however false or detached from reality it may seem to observers accustomed to western multi-party democracies.

did not take this into account, hence we have the present situation, where tribal/religious beliefs come into the open in the political arena. Taking into account the relative political immaturity of large numbers of people in Africa, differing opinions and beliefs within a state often degenerate into some form of violence - including government-backed genocide. Such occurrences, to varying degrees, are widespread. Examples include Burundi, Uganda, and Zimbabwe.

To maintain some kind of order and consistency in the lives of the people, these countries should either be divided on a tribal/religious basis like India and Pakistan, or if necessary kept united by some use of authority. How the use of military force by the British Government in Northern Ireland

Further division in Africa is impractical, mainly for economic reasons. The alternative is to forge unity. At this point the concept of the one-party state becomes all-important. It is also important to realise - and hence distinguish - the apparent political dialecticism in Africa. Politics in many parts of that continent tend to draw a very clear line between the socio-political ideology of the state and the economic policies pursued in practice. The result is one-party states with market-oriented economies, such as Kenya.

Of course many governments abuse their authority, a consequence of which is economic deterioration. But this is not a feature of the one-party state only, and should not undermine the concept of the one-party state. The one-party systems holds differing opinions and

beliefs within a single framework; hence any opposition that exists is within the party, where understanding and compromise are easier to reach. A good example is Tanzania, which has showed that it is possible to achieve political unity and stability with a one-party state and now, with the relevant policies, is also progressing on the economic front.

On these bases, one-party statehood with appropriate economic policies is, I believe, a better proposition for the heterogeneous states in Africa, compared with the multi-party system where the differing groups are given separate platforms to present their views, and in Africa may come to blows with each other if their demands are not satisfied. Tania Amies, International Hall, Brunswick Square, WC1

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Kohl rejects French EC central bank plan



Kohl: closer military ties

MR HELMUT KOHL, the West German Chancellor, yesterday rejected French proposals to work towards setting up a European Community central bank.

Franc-German Defence Council due to be constituted next week. Mr Kohl said: "If relations between Bonn and Paris are bad, we are accused of not having learnt from history."

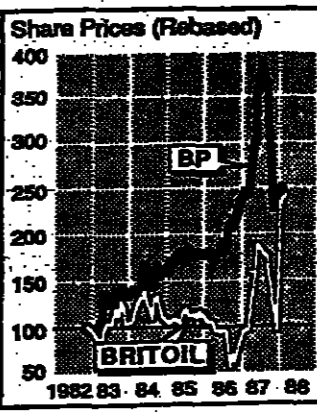
process. He side-stepped questions about Mr Kohl's proposal that the West could give up scheduled 1990s modernisation of short-range nuclear missiles.

since made little progress. The proposal, part of an ambitious plan to adopt a common European currency has been relaunching by both Mr Chirac and Mr Edouard Balladur, the French Finance Minister.

THE LEX COLUMN

A polite knock at Britoil's door

BP's offer document for Britoil relies almost exclusively on the use of bold capitals and colourful price charts displaying the not inconsiderable 140 per cent bid premium to convince wavering investors to sell out.



US banks are posting record losses because of the need to make hefty provisions on dud Third World loans, and one or two well known names have been thinking of handing in their banking licences in order to escape the onerous US regulatory burden.

HK to levy negative rates on deposits

By David Dodwell in Hong Kong

HONG KONG yesterday confirmed its determination to hike international speculative pressure to revalue its currency when it unveiled powers to charge negative interest rates on Hong Kong dollar deposits of more than HK\$1m (\$129,000).

These unprecedented moves come after weeks of consultation on whether such measures are legally valid, and if it is possible to avoid hurting non-speculative savers.

Since November 1983, the Hong Kong dollar has been linked to the US currency at a rate of HK\$7.8 to every dollar.

Previous swipes by US officials at the successful "four dragons" in East Asia against their bilateral trade surpluses with the US, have tended to focus not on Hong Kong but on Taiwan and South Korea.

Taiwan and South Korea have both had their currencies rise substantially in the last 18 months against the US dollar.

Arias in final effort to salvage Central American peace plan

By David Gardner in San Jose, Costa Rica

PRESIDENT OSCAR ARIAS of Costa Rica has made a last-ditch attempt to salvage the Central America peace plan with a tough call on Nicaragua's ruling Sandinistas to make new concessions.

The call came as the five Central American presidents gathered in San Jose today to decide the future of the peace plan agreed last August in Guatemala City.

Mr Arias, in a strongly worded letter to President Daniel Ortega of Nicaragua, called for "much more audacious and specific actions to achieve a ceasefire in the Sandinistas' war with US-backed Contra forces, and reminded him that the heart of the peace plan to which we are pledged is demilitarisation".

The Costa Rican President also threatened to wind up the peace process unless clear progress was made at the summit. The collapse of the peace plan would clear the way for substantial new US funding for the Contras which the Reagan Administration will request from Congress in February.

Mr Arias' pressure on the Sandinistas coincides with a hardening of the US approach to its Central American allies: Costa Rica, Honduras, El Salvador and Guatemala.

The vote on the Contras, which, in Washington's view, are the only force restraining Sandinista expansion.

Even before Mr Arias raised the military aid under congressional pressure to give the Arias plan a chance.

Mr Alfredo Cesar, a senior Contra leader, said here that Nicaragua's internal opposition to the Sandinistas is not a threat to the peace plan.

Judges fear big rise in Italian crime rate

By John Wyles in Rome

ITALY'S senior judges warned this week of a worrying growth in drug-trafficking and Mafia crime and lamented the manifest weaknesses of the Italian legal system.

According to tradition, the top judges in regional capitals opened the new judicial year with a review of the activities and problems in Italian society.

The judges have lamented the difficulties caused by the piling of law upon law and the starving of the legal system of resources.

Rome prosecutor, Mr Filippo Mancuso, has reported that the backlog of cases waiting to be tried in the region by the end of September was 410,839 - a small improvement of 24,000 on last year but a heavy case load when fewer than 16,000 were tried in 1987.

About 2,500 people accused of crimes from murder to armed robbery were released in Rome during the first six months of the year.

References to the Mafia were abundant in the judicial reports, firmly questioning any complacency after the recent conclusion of the maxi-trial of Mafia leaders in Palermo, in which some 340 people were sentenced to more than 2,700 years in jail.

The Sicilian capital was jolted on Tuesday by the murder of the former mayor, Mr Giuseppe Insalaco, who is believed to have been helping magistrates build a case against local politicians involved in handing contracts to the Mafia.

And a second victim was claimed yesterday in what appears to be a fierce new attempt to stem the Mafia following the maxi-trial. Former policeman accused of killing a Mafia suspect in custody, was shot dead.

Police said Mr Natale Mondo, 56, was shot as he raised the metal shutters on a toy shop run by his wife in the city. The killers escaped in a car.

Mr Mondo was one of 16 police officers charged with the torture and manslaughter in Palermo police headquarters of Mr Salvatore Marino, who was arrested on suspicion of involvement in the 1986 killing of a top anti-Mafia policeman.

The former policeman's death brought to five the number of people killed in Palermo since the maxi-trial in December.

A senior judge in Naples said in his review that business controlled by the Camorra, the local version of the Mafia, were exerting immense pressures on local government for contracts and services.

Soviet editor hints at Moscow desire for Afghan withdrawal

By Judy Dempsey in Vienna

MR VITALY KOROTICH, editor of Ogonyok, the reform-minded Soviet weekly, said yesterday that "everybody knows Soviet troops will be withdrawn from Afghanistan this summer".

His remark is one of the strongest indications to date of Moscow's desire to get out of the Afghan war. The Soviet Union said last week that troops could begin leaving 60 days after a peace agreement was signed.

The Soviet leadership has signalled its hopes for a breakthrough at next month's round of UN-sponsored peace talks in Geneva.

Mr Korotich, speaking in Vienna, said he last spoke to Mr Mikhail Gorbachev, the Soviet leader, on Friday. "He regularly calls in newspaper editors to discuss things, and he listens," he said.

Describing Afghanistan as "a very serious matter," he said his magazine was preparing a report on the war in which "we will interview generals and personnel, and name names."

"Young boys come back from Afghanistan some without legs," he said. "They are only boys and we must help them."

Ogonyok, which prints 760,000 copies a week, is one of the journals spearheading the policy of glasnost (openness) in the Soviet Union.

Mr Korotich said, however, that perestroika (restructuring) and glasnost were so far affecting only the top echelons of society, including the mass media. "Our task in the mass media is to push the democratisation process downwards to the masses."

"For us editors, it is real happiness to be able to write about the truth, but for workers and peasants, what they want is more meat, sausage, bread and flats. For them, democracy is not only a possibility to talk more freely but to live better."

Mr Korotich said the Stalin and Brezhnev years had been wasted. In the 1920s and 1930s a whole generation had been wiped out either by Stalin or by the war. "We are now paying for Stalin's terror and crimes."

But he added: "We get about 300 letters a day. Some write that under Stalin, there was order."

The historic post-war low for Israel's support among the American public was in 1978-79 when President Sadat of Egypt appeared on US television to sell the case for reconciliation, a process which eventually led to the Camp David accords and his own assassination.

President Reagan and Mr Shultz have refused to be deflected from their strategic goal of co-operation with Israel as an anti-Soviet ally in the Eastern Mediterranean.

This fundamental reality inevitably overshadows the occasional public criticism or the latest vote against Israel in the UN on the planned deportation of Palestinians suspected of instigating unrest in the territories.

Two factors could alter the status quo. One is if a credible possibility of negotiations with an Arab leader, such as King Hussein of Jordan, were to arise. Many observers believe such an opportunity was presented by the international conference proposal, though the US support for this idea was, at best, lukewarm in view of the divisions it aroused within Israel's coalition Government.

The other change could occur when a new US President is elected. In the current election campaign all candidates (other than Mr Jesse Jackson, the pro-Arab Democrat) have avoided the Israeli question. "There is simply nothing to be gained by attacking Israel because you have to have an alternative," said one Capitol Hill analyst.

But if an outsider were to arrive in the White House and a more accommodating attitude to the Soviet Union were to take hold, pro-Israeli policy might soften, if only at the edges.

"Remember," said one former senior US diplomat, "President Carter saw Israel as part of the problem. The Israelis under Reagan have had one tremendous ride."

US eyes Israel's 'deadly embrace'

Continued from Page 1

lan of the West Bank, Gaza and a Palestinian homeland. He predicts that the current violence will increase American Jewish pressure for such a conference which is backed by Mr Simon Peres, the Israeli Foreign Minister, but rejected by Prime Minister Yitzhak Shamir - and he forecasts a future trip by American Jewish leaders to Israel to press this point, albeit only once the rioting has died down.

Mr Norman Podhoretz, editor of the conservative magazine Commentary and a prominent American Jewish intellectual, is less convinced of the pressure for withdrawal from the territories.

By his calculation, about 15 per cent of the 6m American Jews are "very critical" of current Israeli government policy and this is unlikely to increase. But he concedes: "Because the Israeli Government itself is split on what to do, people here (in the US) are uncertain and confused."

Little of that confusion has, however, rubbed off on the Reagan Administration which, over the past four years, has actively strengthened ties with Israel and shows no signs of shifting gear. Only last week, Mr George Shultz, US Secretary

of State, pronounced the alliance "unshakable". During Reagan's presidency the US has converted what used to be a mix of commercial loans and financial grants into simple grants worth about \$3bn this year. Included in this chunk of foreign aid, by far the biggest for any US ally, is some \$1.8bn of military sales credits (1981: \$600m in grants, \$900m in loans).

Meanwhile, it has almost doubled economic aid to \$1.2bn since 1980. Last month, it signed a new arms pact giving Israel more latitude to sell its weapons in the US.

"Ronald Reagan has elevated Israel from client state to strategic ally," said an Israeli supporter in Washington. This strengthening of ties is the more remarkable in the light of two major controversies which threatened to sour relations between the two countries: the Iran-Contra affair and the arrest in November 1985 of a former US Navy intelligence analyst, Mr Jonathan Jay Pollard, who confessed to funneling secrets to Israel for cash. The spy case was described by Mr Casper Weinberger, the former US Defence Secretary, as a devastating

piece of treachery. As for Iran-Contra, Mr Weinberger (and, in the velle terms, Mr George Bush, the vice-president) has criticised the way the US allowed itself to be persuaded by Israel to sell arms to Iran in return for American hostages. But the silence on this aspect of the affair, compared to the noise generated by Bush's own role, has been deafening.

President Reagan and Mr Shultz have refused to be deflected from their strategic goal of co-operation with Israel as an anti-Soviet ally in the Eastern Mediterranean. This fundamental reality inevitably overshadows the occasional public criticism or the latest vote against Israel in the UN on the planned deportation of Palestinians suspected of instigating unrest in the territories.

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Nigerian debt

Continued from Page 1

\$11m last month - the full amount. Creditors also criticised the Central Bank's failure to pay interest on local currency deposits lodged there by importers against the eventual release of foreign exchange to meet debt payments.

Participants began arriving at the Conference Centre shortly after 9 o'clock to discover 200 security guards, sniffer dogs and bomb detection equipment. They then faced being identified, frisked, and having bags scanned with metal detectors. Once the meeting started,

they were locked inside the centre while barricades were erected. Mr John Hutt, Conference Centre Security Manager, said this was a "normal procedure". Some creditors said they were relieved at the arrangements because they had had to bring their high-value negotiable promissory notes to gain entry.

Caught in the net, Mr Walah Bello, assistant manager from the Continental Merchant Bank of Nigeria was removed to a safe distance down the road to distribute pamphlets promoting Nigeria's new official debt/equity conversion scheme.

World Weather

Table with columns for location, temperature, and weather conditions. Includes cities like London, New York, Tokyo, etc.

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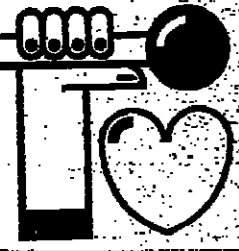
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SECTION III

FINANCIAL TIMES SURVEY

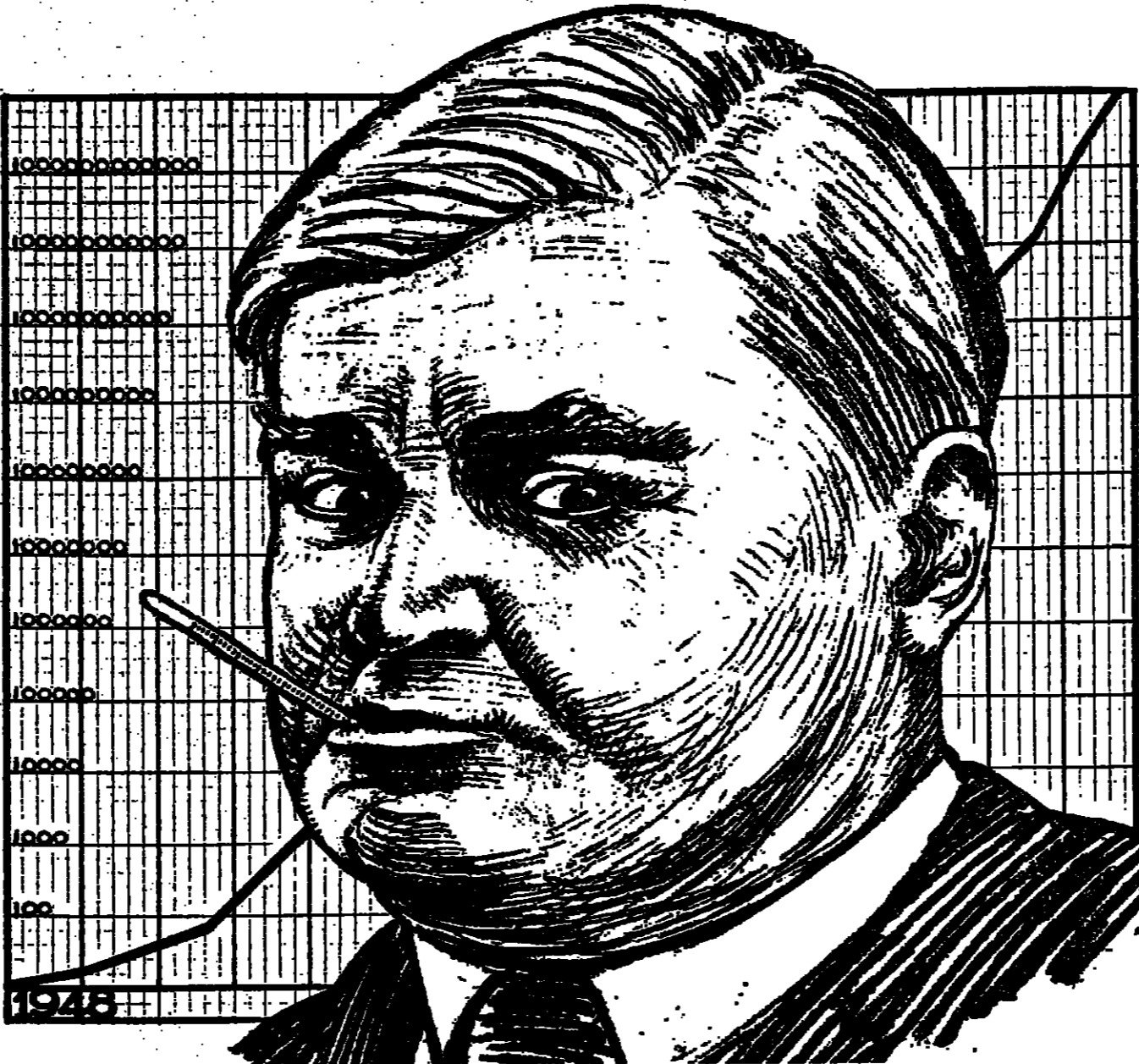


Health care in Britain is the subject of intense political and public debate. Finance and the role of the private

sector are immediate issues, with even bigger ones like the demands of an ageing population in the background. Alan Pike, Social Affairs Correspondent, reports

Midlife crisis for NHS

BRITAIN'S NATIONAL Health Service is 40 years old this year. Measured in terms of a human lifespan it is, like the first generation of babies born in the Welfare State maternity hospitals in the 1940s, entering middle age. It reaches the anniversary in a state of midlife crisis. Many of the questions which a caring family doctor might raise with a patient in this condition have to be resolved in the NHS if it is to survive to its 50th birthday intact and healthy. Financial problems? Trying to take on too much? Uncertain about future objectives? In his only book 'In Place of Fear' Aneurin Bevan, who as Labour's Minister of Health piloted the new comprehensive health service into existence in July, 1948, spoke of the NHS having become part of the equipment of a civilised society and the texture of national life. 'No political party would survive that tried to destroy it.' Bevan felt able to make this triumphantly confident assertion in a book published in 1952, when the NHS had existed for a mere moment. But, at least until recently, history appeared to prove him correct. Generations of students in the 1960s and 1970s were presented with the NHS as a working example of a social institution, which had largely risen above politics. Political differences were limited to how it operated and how much could be spent on it, rather than whether it should exist. A Royal Commission on the NHS set up in 1976 by a later Labour Government than Bevan's ended up by candidly admitting, amidst a collection of largely undramatic recommendations, that those looking to its report for 'some blinding revelation which would transform the NHS' would be disappointed. 'The NHS is not suffering from a mortal disease susceptible only to heroic surgery.' The Royal Commission delivered this broad confirmation of Bevan's original confident judgement in the summer of 1979, just as the Callaghan Government fell and Mrs Margaret Thatcher's years in office began. In the eight years which have followed, it would have been unthinkable that the NHS could have completely escaped the attention of a Government committed to market forces, privatisation, tight control of public spending, improved efficiency in the public sector and reducing the dependence of the individual on the state. During these years the NHS has been exposed to a revolution in its management structure,



Aneurin Bevan, Minister of Health in the 1945-50 Labour Government and founder of the National Health Service 40 years ago.

Health Care

moving from a committee-based consensus system to more business-like general management. Ancillary services have been opened to competitive tendering, resulting in cash savings and a role for private contractors in some hospitals. Health authorities have faced tight cash limits and been forced to seek - and usually find - efficiency improvements to help pay their way. In spite of inevitable protests, there is much agreement that the NHS is more efficient as a result of the changes it has recently undergone. But only the most squeamish could describe these changes as heroic surgery, and the most easily-satisfied regard them as the product of blinding revelation. The fundamental basis of the NHS, compared with much else in British society, has remained

remarkably unchanged since 1979. Mrs Thatcher and her ministers have defended their record on the NHS rather than questioned the continued existence of a universal health service funded from general taxation. Bevan's early declaration that no political party would survive that tried to destroy the NHS might appear to still haunt his Parliamentary successors, judging by the manifesto on which the Conservative Party won last year's general election. The section on health care is strongest when it defends the NHS, with no proposals for the future more radical than pledges to continue strengthening management and improving efficiency. It does not even mention the existence of a private health sector. And yet the NHS is repeatedly described as being in a state of

crisis and there is now, more than at any time since it was formed, a genuine debate about whether it can continue unchanged for much longer. Much, although not all, of the crisis and debate revolves around money. The UK spends less on health than the US and most of its European neighbours - 6.2 per cent of Gross Domestic Product compared with 10.8 per cent in the US, 9.6 per cent in Sweden, 9.3 per cent in France, 8.8 per cent in the Netherlands, 8.2 per cent in West Germany, and 7.4 per cent in Italy. While international league tables do not always compare precisely the same services the overall pattern is unchallengeable - spending is relatively low in the UK and the NHS is a relatively cheap method of delivering mass health care.

Does the UK spend enough? Here health providers - health authorities, trade unions, public-watchdog Community Health Councils, doctors and nurses - argue with the Government. Planned spending on the NHS in England is due to reach £19.3bn in 1990-91, including an extra £700m for the hospital and community health services in the coming financial year. The Government believes this should be enough to finance some new initiatives, like enhancing programmes to reduce waiting lists. Health authorities - which received an emergency input of £101m before Christmas to help relieve urgent spending problems in the current financial year - say it will not be sufficient even to prevent further crisis measures, and want at least £200m more next year.

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Part of the argument over spending reflects the fact that health service inflation has been rising much faster than general inflation in the economy. Another strong concern of health authorities is that they have had to fund part of nationally-agreed pay awards over which they have no control. They also face big bills for locum and agency staff. Pressure on hospitals has been increased by a proportionate shift in spending during the 1980s away from hospital and community services and towards the family practitioner services. And the programme to create a more even spread of facilities around the country under the resource allocation (RAWP) policy which has been in operation since the mid-1970s has led to a further sense of cut-back in much of the South-East. Part of the Government's reaction to criticisms that it is taking insufficient account of these factors when setting health service funding is to stress the case for further efficiency improvements and revenue raising enterprise in the NHS. A proposed Ministerial review of NHS funding, which is about to take place, will look at ways of increasing competition and private investment in the service, and the Government's Health and Medicines Bill will increase the scope for health authorities to engage in profit-making activities. In this context, co-operation between the NHS and the private hospital sector is growing and will continue to develop. So, too, will competition as NHS hospitals are encouraged to become more market-orientated. NHS pay beds remain the biggest source of private health provision in the UK. From this year health authorities will be able to make a straightforward profit from them, and some big teaching hospitals are already gearing up to do so, sometimes using private contractors themselves to run their pay bed wings. Other changes under examination include the scope for developing internal markets in the NHS, with hospitals and health authorities competing against each other. And a number of other suggestions, like hotel charges to cover the food and accommodation of hospital patients, and fees for visiting GPs have - not for the first time during the past 40 years - been placed on the agenda by MPs. The NHS's labour costs - which amount to 70-75 per cent of most health authorities' spending - can hardly be permanently immune from consideration. Consultants and other senior medical staff are also not exempt from the Government's exhortations to greater efficiency. None of this amounts to sufficiently heroic surgery for some on the Right, who would like to see the entire edifice of a taxation-funded health service replaced by a much more competitive insurance system, perhaps linked to health vouchers. Concern about how long the present structure can hold together is shared by other groups, like many health service managers, who are instinctively much more sympathetic to the existing character of the NHS. 'We cannot go on running the health service on the basis of scraping around in the middle of every financial year to find ways of saving money,' says Ms Barbara Young, president of the Institute of Health Services Management. 'Everyone involved needs to sit down, agree that there is not enough money in the NHS, and decide what we are going to do about it.' The Institute is contributing to this process by conducting its own review of health service funding which is due to report in the spring - at the same time as a similar study by the King's Fund Institute, a health care think tank. A further review has been launched by the Commons Social Services Committee. All these reviews are likely to find themselves facing a number of common questions. Does the UK invest enough in health through public funds? Should the balance between public and private sectors change, perhaps with an increased role for private health insurance? How much scope is there for making the NHS more efficient and competitive? There is also, perhaps, a more basic question. What is an adequate level of health care? The argument that the NHS, free at the point of use, is more guilty than other health care delivery systems of creating an infinite level of demand is regarded as flawed by many health care professionals. People do not, they say, seek medical attention for the joy of it (how many people fail to visit a dentist regularly, even though initial checks have until now been free?). In any case, many insurance-based health systems in other countries are also free at the point of use. What is more certain is that, whatever the outcome of the

DEADLINES NEED EXTENDING

Mistooks are made

WORKLOADS BUILD UP

THINGS DON'T GO SMOOTHLY

BOTTLE NECKS DEVELOP

Pressures increase

ABSENCES NEED TO BE COVERED

EFFICIENCY DR OP S

Targets are miss d

PLANS NEED CHANGING

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HEALTH CARE 2

Universal care financed by taxation is being questioned but, says Alan Pike...

Fundamental change unlikely - yet

THE MANIFESTO on which the Conservative Party won last year's General Election is aglow with what the Government believes is its successful record towards the National Health Service.

Many of the familiar, if contested, statistics and claims which the Prime Minister has frequently presented to the House of Commons are to be found there. More money spent than any other Government. Labour or Conservative. More doctors. More dentists. More nurses. More in-patients. More outpatients. More pay.

The terms NHS and Health Service are used interchangeably in the manifesto pages devoted to health care, and the private health sector does not merit a single mention. An uninformed overseas visitor would not learn from the governing party's manifesto that such a thing even existed. Nothing is said about possible funding alternatives like health vouchers, or even such cautious possibilities as tax relief on private health insurance.

Yet many groups on the radical right are now actively arguing that the very basis of universal health care financed from general taxation may be wrong in principle and practice. And although fundamental change remains improbable - at least this side of another general election - the reaction to the latest crisis over NHS spending shows that a number of Conservative backbenchers are ready to

travel with far more radical ideas than those on which their party fought the election.

The politically independent, pro-market economy Institute of Economic Affairs has become an important source of alternative

Reaction to the crisis over NHS spending shows that some Conservative backbenchers are ready to travel with more radical ideas than those voiced at the general election

thinking towards the welfare state, drawn partly from field studies of opinion which it has conducted periodically over the past 24 years.

It is the institute's contention that conventional opinion polls, which continue to show strong support for the existing "free NHS", are flawed because they "invite macro answers to oversimplified questions which conceal the costs of alternative courses for public policy and individual action."

On the basis of its own field studies, the outcome of the most recent of which has just been published (1), the institute concludes that:

- the all-party consensus in favour of universalist welfare provision which has been prevalent during the post-War years misrepresents the preferences of a large proportion of people;

- the "vague sentiment in favour of higher taxes for wel-

fare" does not survive the acid test of whether individuals would themselves choose to pay more taxation.

The welfare state, argues the Institute, has not been able to keep pace with social, economic

and technical change. "In its efforts to maintain its organisation it has had to suppress the generally growing desire for change that would require it to move from a monopolist supplier financed by taxes to a competitor in a widening market where custom has to be won from customers free to go elsewhere."

Its research, says the Institute, demonstrates that high proportions of people would be prepared to accept even relatively small state grants - figures of \$160 and \$200 a year for each member of the household were posed in questioning - and add the balance themselves to provide private medicine and health insurance.

This reflected a desire to avoid often lengthy queuing and waiting in the NHS, insensitivity of hard-pressed doctors and nurses, bureaucracy and regimentation. Such things were increasingly resented. "The prospect is that they will not much

longer be tolerated by the British, even of low incomes and humble origins, who see themselves treated with courtesy and respect in the commercial world of household shopping and travel bureaux, hairdressers, fashion shops, leisure services, sports activities or holiday hotels."

While the Conservatives had been the first to see that reform was overdue, says the Institute, "after eight years of office they have not done much and are still dragging their feet by half-hearted measures."

The St Michael's Organisation, founded in 1973 to research systems of delivering medical care, has argued that a substantial increase in the private sector is the only alternative to a continuing decline in medical services in Britain. It has suggested tax relief on medical insurance premiums, health vouchers and loans to develop locally funded voluntary hospitals, and the hiving-off of private wings of NHS hospitals as methods of promoting the private sector.

A recent report, published by the organisation (2) spoke of the NHS being affected by deeply ingrained flawed thinking which transcended class, creed and political allegiance. "History suggests that there is likely always to be the need for some kind of State 'Poor Law' provision for an unfortunate minority unreachably by any other agency. The tragedy of the past 40 years has been that the nationalisation of Brit-

ish medical services has made Poor Law provision of medical care virtually universal.

The Centre for Policy Studies recently published a paper by Mr John Peet, a former Treasury official responsible for NHS finance, which argues that the introduction of general management in the NHS has already prepared the ground for encouraging competition in the service.

He proposes that competitive tendering should now be extended from support services to other areas including surgery facilities, primary care and hospital building. Competition could be provided by the private sector and also from health authorities competing against each other.

Mr Peet rejects the view that competition is not possible in a publicly-financed, charge-free system, or that it would reduce standards of patient care in favour of management considerations. Open competition, he suggests, the best way of judging the extent to which standards are being met.

1. *Welfare Without the State*, £7.50 Institute of Economic Affairs, 3 Lord North Street London SW1P 2LB

2. *Health, Security and You*, £4.95 St Michael's Organisation, 98 Southwark Park Road London SE16 3RS

Healthy Competition, £4.00 Centre for Policy Studies, 8 Wilfred Street London SW1E 6PL



The origins of what became the National Health Service in July, 1948, can be traced from Victorian Poor Law changes and 19th century factory, public health, and sanitary legislation.

available to all members of the community. Emergency medical services had been brought together as part of the war effort and the wartime coalition Government, committed to the creation of a national health service at the end of the war, began negotiations in 1945. But the scheme which actually took effect was steered through parliament by Aneurin Bevan, Minister of Health in the 1945-51 Labour administration pictured here visiting a hospital just weeks before the birth of the NHS in July 1948.

Private medicine and the right of NHS consultants to undertake work outside the service survived the negotiations which created the NHS. Pay beds were allowed to continue in NHS hospitals because Bevan accepted the argument that specialists would otherwise spend more of their time at private nursing homes. No pressure groups in Britain were more highly organised than the professions, he commented, and among them the medical professions were the strongest.

These trends towards greater state involvement in the health and welfare sphere were followed by the widespread development of health insurance earlier this century.

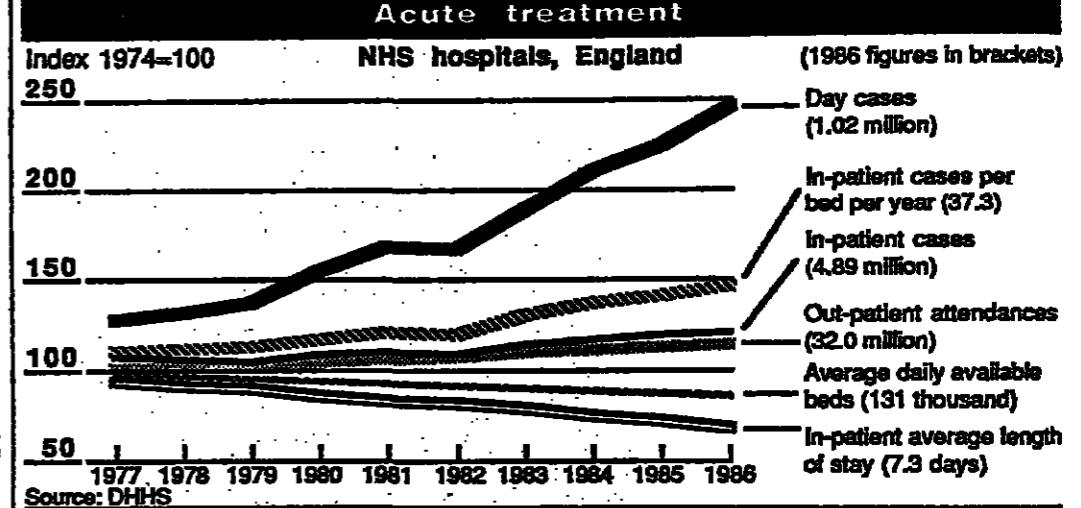
Finally, in late 1942, came the publication of the Beveridge Report, a best-seller which captured the strong collectivist atmosphere of the Second World War. One of the central assumptions on which Beveridge's widely-embracing welfare proposals were based was the existence of a comprehensive health service

to establish information requirements and focus on areas where information development was a priority. Waltham Forest has now decided to extend the process throughout the authority.

Another project recently completed at Northampton district health authority looked at ways in which information requirements could be derived from the authority's strategic objectives, so that an information strategy could be developed which would help the authority to move towards these objectives.

Arthur Young's work on information systems in the NHS has not been restricted to the traditional areas of management. A new system involving the widespread use of computers in South Lincolnshire is intended to help medical and nursing staff to develop a more integrated and save substantial amounts of time on the exchange of information.

Alan Pike



Options under a microscope

AS IT enters its 40th anniversary year the NHS is in a state of turmoil. Spiralling demands and tight funding have precipitated a more fundamental debate about methods of health care finance than has been seen at any previous stage in its history. Serious doubts are now being raised about the feasibility of continuing to provide a universal, free-at-point-of-use, tax-financed system.

In an effort to shed some light on the issues involved, both the King's Fund Institute and the Institute of Health Service Managers have set up working groups to examine health care financing.

Just before Christmas, the newly constituted House of Commons Social Services Committee also joined in the fray by announcing that its first task in 1988 is going to be an examination of NHS financing. Then - following hard on the heels of this announcement - the Government has announced that it is going to launch a fundamental review in the New Year.

What results can be expected from this burst of activity? Without attempting to anticipate the recommendations of any of these inquiries it is pretty clear that there are some broad policy issues that the NHS must address over the medium term future.

First, the adequacy of public expenditure levels must come under scrutiny. Even in terms of its own assessments, total expenditure on health care tends to be lower than its expected level. On this basis, the increase of £700m in planned expenditure for 1988/89 is only just over half of what is required.

Claims that the country cannot afford this level of spending are thrown into doubt by recent figures on international standards released by the OECD. These suggest that health care expenditure per head in the UK is over 20 per cent below its expected level, given the UK GDP per head. However the same OECD data also show that in those countries which rely predominantly on public finance, total expenditure on health care tends to be lower. This raises a second policy issue: what are the opportunities for developing new sources of finance?

Persistently-tight funding has already led a number of health districts to develop income-generating activities in non-clinical areas. Cafeteria services, newspaper and book stalls, florists, hairdressers, and video entertainment programmes can now all be

found in hospital reception areas. Despite the fact that legislation currently passing through Parliament will give health authorities greater freedom to pursue these activities, it is unlikely that net income from this source would ever rise above \$50m - less than 0.5 per cent of hospital spending.

Numerous other links between the sale of clinical activities offers the potential for raising far larger sums, but it also raises far more complex issues of principle. NHS pay beds are one long-standing source of income, but Labour governments have been strongly opposed to them.

Between 1975 and 1979 the number of beds fell by 40 per cent. Since then, though, the numbers have started to gradually rise again. Moreover, since 1987, health authorities have been free to determine their levels of charges subject to the recovery of costs. As a result, many authorities are starting to market these facilities in a vigorous manner, often competing with the private sector in terms of price rather than the quality of services.

Total NHS income from this source is currently about £70m and could well expand rapidly over the next few years.

Numerous other links between the NHS and the private sector offer the scope for raising additional finance. The sale of NHS support services to the private sector, such as pharmaceuticals, pathology and x-ray services, the sale of NHS spare capacity to private patients, as in the case of certain breast screening services; the joint finance of expensive items of medical equipment; and the joint funding of building programmes are all examples of schemes already underway. Given the emphasis placed on private sector involvement in other erstwhile public sector monopolies elsewhere in the economy, expansion of partnership arrangements would seem to be firmly on the policy agenda.

But will the expansion of these established sources of income generation be enough to close the funding gap. In 1988/89 they are only expected to yield \$90m. This has led to calls for more radical changes, among them, the wider use of voluntary, private insurance as a top-up mechanism. This could be a means of attracting additional finance into health care at a time when public opinion polls suggest that this is what a substantial section of the population want, but the political system seems unable to deliver it.

In particular, there is a case for examining private insurance arrangements to see if there is scope for developing more varied packages that would reach a lar-

ger number of people. These might include limited cover schemes that enable people to choose to spend additional sums on health care - either in the public or private sectors - for, say, minor procedures. In some cases, it might be cost effective for the Government to subsidise these schemes if it encouraged individuals to finance the remainder from their private incomes.

The direction that health care financing actually takes in the 1990s will inevitably be heavily

influenced by political considerations. But even within this constraint, there is a clear role for dispassionate analysis of policy options. A durable strategy is far more likely to emerge from this process than from a fog of rhetoric and dogma.

Ray Robinson
The author is Secretary of the King's Fund Institute Working Group on Health Care Finance, but his views expressed here are purely personal ones.

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NHS management consultancy

Corporate culture for a complex business

CHANGES IN management structure and the drive for greater efficiency are stimulating interest in improving management systems in the National Health Service.

This has helped make the NHS a fertile field for management consultancy. Arthur Young, one of the leading consultants in the sector, has a separate National Health Care Group with 50 staff working on projects in the health service.

Peter Farmer, managing partner in change of the group, does not see the consultant's function as simply persuading health service managers to accept ideas which have been proved in outside industry on the ground that they must improve efficiency in the NHS. There is scope and need for outside ideas, but they have to be applied in the specific context of the health service.

"When we talk to medical professionals about business strategies, we realise it is hard for them to accept that they are in a business," says Mr Farmer. "They have been trained to see their job as doing the best they can for whoever comes through the door. But the NHS also happens to be a particularly big and complex business. You have got to manage it as a business, and

senior professionals have to be brought into the management process."

In Mr Farmer's experience, the quality of NHS managers is higher than that found, certainly at the same salary levels, elsewhere. "What appears to have been lacking is a sense of corporate belonging and corporate objectives. The NHS has to instil a stronger corporate culture."

Arthur Young sees its own objective as bringing to the health service the best of commercial and industrial practice combined with a knowledge of the culture and constraints of the NHS. It has worked with health authorities throughout the country on an array of services including budgetary and

financial control, estate management, patient administration systems, management structures, procurement and purchasing and training.

An important recent field of work has been in the identification of information needs should precede the purchase of computer equipment by health authorities.

"We believe that the principle barrier to the use of information in health authorities at present is not technical but managerial in nature," Arthur Young concluded in a study recently conducted at Waltham Forest district health authority in London. "If we could get the management development right, information development would be pulled along in its wake."

The aim of the Waltham Forest project was to find ways of integrating information into the day-to-day management process. A structure based on interviews, analysis and feedback was used

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- Redland Bricks

HEALTH CARE 3

Independent hospitals are taking the frills out of private treatment

Getting the private care message to a wider public

THE SMART new 102-bed London Independent Hospital stands on the site of the famous, voluntary London Jewish Hospital in what is still one of the most deprived parts of the capital. "Quality health care is here in the East End," declares its literature.

One explanation for the unlikely location - apart from the availability of the site - is the London Independent's proximity to the big London Hospital. Consultants there had for some time been interested in the establishment of local private facilities nearby.

But, in spite of being private, the London Independent sees part of its role as functioning as a community hospital serving the East End. In the year since it opened, the hospital - which has a wide range of medical facilities including one of London's best-equipped X-ray departments - has begun taking on contract services for local NHS hospitals, and developed contacts with many East London GPs.

It is also offering loans to potential patients who are not covered by health insurance and would not otherwise be able to afford private treatment. Up to £10,000 to pay for treatment costs is available at competitive interest rates.

Mr John Naughton, the director, says the London Independent is trying to take some of the frills out of private treatment. "We are not offering cheap medicine and we have high standards of accommodation. But we want to remove some of the mystique about private health care and convince ordinary people that it can be for them. The next major task for the hospital and insurance companies is to get the private health care message across to a much wider population."

Increasing numbers of private hospitals, particularly in London and the South East, are likely to be joining the London Independent in trying to reach a wider audience.

The typical image of a London private hospital may be still be one of extremely wealthy patients, often from overseas, being treated expensively in unnecessarily lavish surroundings. But with the development of new hospitals overseas, particularly in the Middle East, this market is not all it used to be.

According to the 1987 Fitz-

Year	BUPA		PPP		WPA		All
	£ million	£ million	£ million	£ million	£ million	£ million	
1977	82.4	15.1	2.8	4.5	9.8	64.7	
1978	83.5	15.9	2.9	5.1	10.3	67.7	
1979	40.8	20.0	3.8	6.3	12.9	84.0	
1980	59.7	30.9	6.5	10.6	20.0	127.6	
1981	90.7	47.9	9.7	18.4	30.5	196.1	
1982	109.5	63.6	11.2	20.9	39.7	244.9	
1983	131.1	73.8	13.7	25.2	47.4	291.2	
1984	154.9	82.4	12.8	28.9	51.9	341.0	
1985	188.8	96.9	18.8	49.3	63.4	414.8	
1986	205.2	107.2	18.9	61.1	72.5	464.8	
%	%	%	%	%	%	%	
1977	50.2	23.5	4.4	6.9	15.2	100	
1986	44.1	23.1	4.1	13.1	15.6	100	

Source: Laing's Review of Private Healthcare

though Directory of Independent Hospitals and Provident Associations, the private hospital companies made pre-tax profits of only £7m on revenues of £294m in 1985-86.

Mr Anthony Byrne, chief executive of the Independent Hospitals Association, believes that this average contains wide regional variations. "Plenty of hospitals in the provinces with 65-85 per cent bed occupancy rates are doing well. But in London, where you may often have bed occupancy rates of 85-90 per cent, some hospitals are only marginally profitable if not loss-making."

Some of these London hospitals now face a new source of competition - from a National Health Service being encouraged by the Government to become more competitive and enterprising. From this year NHS hospitals will have greater freedom to make profits from their pay beds, which are still the biggest single source of private health provision in the UK.

The Independent Hospitals Association is worried that part of the competition its members are about to face may be unfair, with NHS hospitals failing to take sufficient account of some

of the true overheads of their private wings when setting charges.

Laing's Review of Private Healthcare estimates that private and voluntary hospitals and nursing homes supplied 9.2 per cent of all UK hospital-based services in 1985, compared with 7 per cent in 1984.

The once-dominant position of charitable hospitals has been declining, with the sector moving increasingly into the hands of major providers like AMI Health Services and Nuffield Hospitals. Fitzhugh calculates that 35 per cent of UK revenue is now controlled by US providers.

NHS health authorities often use private sector facilities, but last month Oxfordshire Health Authority signed what is believed to be the first agreement under which a private health care company has become a partner in an NHS hospital.

Bioplan Holdings is providing £300,000 towards the cost of re-developing the day surgery unit at Churchill Hospital, Oxford. Under the agreement Bioplan will share the use of operating theatres and the day surgery unit and pay the health authority a guaranteed income of at least £130,000 a year. The

authority says the deal will permit more NHS patients to be treated in improved facilities, with Bioplan allocated theatre sessions at times when the unit is not in NHS use.

While most of the political debate about private health care takes place around the role of private hospitals, private residential homes and other long-term facilities represent a far bigger section of the market.

Almost half of all elderly people in care are now in private sector accommodation - a major recent shift away from public provision and a doubling of private sector accommodation. With an increase in the proportion of old people in the population the major demographic change between now and the end of the century, demand for residential accommodation is guaranteed to grow.

The private sector's contribution to residential and nursing home provision is estimated to already constitute a market worth at least £1bn, and Mr Byrne estimates that further private sector investment of £2bn will be required over the next 10 years.

It has been the policy of successive governments since the 1970s that elderly and handicapped people should, wherever possible, be cared for in the community rather than in hospital. But the achievement of this objective raises significant administrative, financial and moral issues.

A public debate on these issues is about to begin around the report of an investigation into community care by Sir Roy Griffiths, deputy chairman of the National Health Service Board. This follows another inquiry, the Firth Report, which recommended that funding of care facilities for the elderly should be transferred from the Department of Health and Social Security to local authorities.

The Independent Hospitals Association rejects this approach - believing it would lead to restrictions on individuals' ability to choose when and where to go into care - and is seeking a refinement of the present system to take more account of the costs involved in providing sophisticated therapy and rehabilitation in some homes.

Alan Pike

Medical insurance

Premium rises slow down

AN ESTIMATED 5.309m people, or 9.4 per cent of the UK population was covered by private medical insurance at the end of 1986, according to Private Health Care 1987.

The report, edited by Mr William Laing, said the number of people covered increased by three per cent in 1986 over 1985, a similar rate of annual growth to that recorded since the end of the 1970s-81 dramatic increase in enrolment of new subscribers.

In 1987 however the market may have grown slightly more than three per cent according to British United Provident Association (BUPA) and the Western Provident Association (WPA) which along with Private Patients Plan (PPP) dominate the medical insurance sector with about 86 per cent of subscribers.

Overall, UK provident and commercial insurers earned an estimated £612m in subscription income in 1986, 18 per cent up on 1985 and paid out \$513m. In benefits, which was 13 per cent more than in 1985.

According to Private Health Care 1987, subscriptions per person insured rose by 15 per cent in 1986 to £120. The report said: "Thus 1986 was the fourth year in succession in which the price of medical insurance increased by substantially more than the rate of inflation."

According to the report about one third of the price increase was due to increased margins, as insurance providers sought to reduce the ratio of benefits to

subscriptions below the historically high level of 88 per cent in 1985. Other factors may have included the continuing increase in frequency of claims by subscribers and continuing increases in hospital and specialist charges.

In 1987 however it appears that the inflationary pressures of the previous four years may have started to slow down with

A fast area of growth has been small companies looking to provide insurance as a benefit

measures designed to contain treatment costs starting to bear fruit. BUPA's premiums for example rose by less than four per cent in 1987 with the provident association forecasting very small increases this year. "We have got our cost containment buttoned-up," said BUPA.

It is debatable whether or not a moderation in the price of medical insurance will stimulate new demand and increase subscription revenue. Mr Laing, in Private Health Care 1987, points out that an analysis of past trends, after adjustment to exclude the effect of general price inflation, suggests that though demand for medical insurance is responsive to price it may not be sufficiently responsive for subscription revenue to be increased by lower

prices. According to the industry one of the fastest growing areas for new subscribers has been from smaller companies looking to provide health insurance as a benefit. It is estimated that while around 586,000 subscribers are individuals the rest are company purchases (1.16m) and employee purchases (391,000) where the employer provides the administrative umbrella and the employee pays. In most company purchases dependants have to be paid for by the insured person.

Income Data Services (1987) in their report on the medical insurance market said that company-paid schemes generally only covered directors, senior managers and executive staff. They noted little movement towards employers paying for other white collar staff or manual workers. The major providers offer a plethora of competitive schemes for companies such as WPA's Company Super-Cover scheme which is specifically designed for companies with more than five employees who want to provide health insurance for employees. To obtain benefits the employees' subscription must be borne by the company.

Not all insurers offer comprehensive packages with many, particularly the commercial insurers offering packages to exclude risks such as psychiatric care and alcoholism in order to keep premiums down.

However, Health First, formerly part of Mutual of Oma-

ha, and now part of Sun Alliance, said pressure from companies was now forcing it to reconsider its policy of not offering psychiatric care.

Cover for Aids, which can entail heavy medical expenses, is currently being debated by the industry with WPA, for example currently not paying benefits for treatment of sexually transmitted diseases.

Health First has been among the most enterprising in designing new packages aimed at specific market niches. Its Health First Life Wise Plan for example covers women for breast and cervical cancer investigation and treatment. A woman of 45 would pay £7 a month for example which would entitle her to a full refund for investigation and treatment for breast or cervical cancer.

Other policies offering selective insurance cover include Health First's Prompt Care Plan and PPP's Family Health Plan which limit re-imbursment of operations to those which cannot be undertaken on the NHS within six weeks of seeing a specialist.

The offering of such selective cover - which can substantially limit premiums - is an area being aggressively investigated by insurers, particularly those in the commercial sector. However, it is a difficult area particularly for the consumer who may not feel confident about selecting limited cover.

Lisa Wood

Majority favour health mix

WHILE PUBLIC opinion shows strong support for the NHS, the private health care sector is keen to demonstrate that it favours the continued existence of independent medicine as well.

A survey conducted by National Opinion Polls for BUPA, Britain's largest independent health care organisation, showed 86 per cent of voters in favour of retaining a mix of state and private health provision. A minority of 28 per cent supported the idea of having only a state health service, while only 3 per cent favoured an entirely private health service.

When asked whether private medicine should be abolished, 19 per cent agreed. But 75 per cent of those interviewed disagreed.

The concept of public and private providers working together was strongly supported, with 71 per cent saying there should be more

co-operation between the two sectors.

Private sector providers put considerable effort into trying to persuade public opinion that the independent sector adds to total health resources available in the UK, and cannot fairly be characterised as a drain on the NHS. Were it not for the 400,000 operations carried out in the private sector each year, they argue, NHS waiting lists would soar to above 1m.

These private sector operations include about a quarter of all hip replacements and one-fifth of heart operations. About 15 per cent of all non-emergency (elective) surgery is carried out in independent hospitals.

There are about 65,000 beds in the independent sector. Around 10,000 of these are in acute hospitals and the remainder in nursing

homes. In addition, there are some 3,000 NHS pay beds.

Contract use of the independent sector by the NHS is widespread. BUPA calculates that about 60 of the 200 private hospitals are used for the treatment of NHS patients, with about 14,000 such people a year receiving surgery and a similar number longer term care. Private hospitals are sometimes able to offer the NHS the use of diagnostic and other equipment which may not be available in state hospitals for financial reasons. London's Churchill Clinic, for instance, has recently installed new £2m magnetic resonance imaging equipment which has scanned more than 2,000 patients during its first year, about 570 of them NHS patients from throughout the country.

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HEALTH CARE 4

Brian Inglis argues that independent scrutiny is required to guarantee a cost-effective...

Health service, not a disease service

NOBODY IS likely to dispute that the National Health Service is in dire trouble. The political issue is, why? To the medical profession and its auxiliaries the cause is shortage of cash. Margaret Thatcher's reiterated reply is that funding has been massively increased; that the current crisis has arisen because of the open-ended nature of medical care, and consequently of cost.

The NHS was constructed on the premise that because poverty would no longer be a bar to securing the best of health care from conception to cremation, Britons would become healthier. Up to a point they did; but what had not been allowed for was that more people with genetic weaknesses were saved in infancy, and more people who were healthy survived to suffer from the disorders of old age.

This problem was intensified by the fact that for the convenience of the consultants, medical training was conducted almost entirely in hospitals. The student who was to become a GP saw patients with diseases he would rarely encounter again. He knew little about babies with croup or old ladies with the rheumatics until he 'put up his plate'.

Unluckily, too, the birth of the NHS was accompanied by the 'wonder drug' era. In the 1950s it seemed that 'a pill for every ill'

was a real possibility. Doctors and patients alike became hooked on prescription drugs - as they still are. The great majority of patients leave their GP's surgery with a prescription. Antibiotics are lavishly prescribed, even for virus disorders like sore throats for which they are ineffective. Tranquillisers have collected a vast army of addicts.

Inadequate training and lack of time - the average consultation lasts less than ten minutes - has also made it impossible for GPs to do much about preventive medicine. In the past few years the importance of a balanced diet in maintaining health has come to be recognised; but as recently as 1965 the Todd Commission on Medical Education decided that nutrition was not a subject that medical students needed to study. The role of personality disorders and of stress in the promotion of disease has been abundantly demonstrated by research; but the amount of time spent by medical students on their work has remained derisory.

Research here and in other countries has been showing that an effective and inexpensive way to reduce high blood pressure is to learn a simple technique of relaxation. But how many GPs have heeded these results? To judge by the amounts they prescribed of Beta-blockers, dangerous and costly, only a small minority.

Hospital costs have been mounting for a similar reason, the problem being made worse by the technological revolution. Screening and scanning, for example, require more and more funding if they are to be effective; and ironically, even if they are they may not be cost-effective.

Recently a campaign has been mounted for more comprehensive screening for cervical cancer. The impression has even been given that women who do not take advantage of the service are not doing their duty by society. Yet how many men, knowing the incidence of, say cancer of the prostate, offer themselves for routine tests?

In other cases, the ability to detect disorders has outrun the ability to cure them. Vast numbers of women have been told that as they have breast cancer, they must have mastectomy, or the even more mutilating radical mastectomy. Now, it has come to be admitted that this was a mistake. 'Lumpectomy' gives as good a prospect of survival.

Recently the decision has been taken to investigate fatalities from surgery, to discover how often they have been necessary. But by 'unnecessary' the investigators are thinking in terms of operations of the kind that are sometimes performed because, say, the surgeon feels the need to keep his hand in.

There is no similar audit to ascertain how often operations are performed for which there is no evidence of benefit, or insufficient evidence. How many hysterectomies are justified? Or heart by-pass operations?

What is needed, then is independent scrutiny aiming to provide information about what is, and what is not, cost-effective in the NHS. But at the outset, it needs to be emphasised that the fundamental basis of the service makes it more cost-effective than the alternatives which are being dangled before us - for example, an extension of private insurance to 'take the load off the NHS'.

"That any sane nation, having observed that you could provide for the supply of bread by giving bakers a pecuniary interest in baking for you, should go on to give a surgeon a pecuniary interest in cutting off your leg," Shaw remarked in the preface to *The Doctor's Dilemma*, "is enough to make one despair." That Mrs Thatcher should advocate it is the measure of her desperation.

There is nothing wrong with the principle of health insurance provided that physicians and surgeons are not thereby encouraged to prescribe treatment for their own rather than their patients' benefit. That Britain spends less on its health services than other countries

is a cause for congratulation, not shame. It can do so because the disastrous system of 'payment per unit of service' so widely used elsewhere, has been kept from taking over. Every extension of insurance which makes people pay for what they should be obtaining from the NHS is a retrograde step.

The crisis in the NHS can only be resolved when it is realised how unwise it was to have what has become, in effect, a national disease service. The medical profession's monopoly control of all but the purse strings has meant that all the emphasis is on the diagnosis and treatment of illness, rather than on the strengthening of our auto-immune mechanisms - the basis of good health.

All professions - Shaw, again - are conspiracies against the laity. As the medical profession's control over the training of doctors cannot easily be broken, it will continue to provide a disease service for the foreseeable future. Alternative therapies are growing in popularity because they rely on stimulating auto-immunity, rather than replacing it, with drugs, but they are expensive. Perhaps as a first step, the need is to explore the possible ways by which they can be brought into a wider health service, orienting it, belatedly, to prevention.

Health promotion and consumer rights are the theme of the Government's recent White Paper

The challenge of changing the habits of millions

THE OPENING paragraphs of the recent primary health care White Paper set out, like a roll of dishonour, a list of health-related problems which could be avoided or reduced if more people were willing to take relatively simple steps to protect their health:

- cancer - most women who die from cancer of the cervix have never been screened;
- obesity - a quarter of young people are overweight;
- measles - 90,000 cases in 1986 and over 1,000 admissions to hospital;
- alcohol misuse - alcohol is a factor in one in three atten-

dances by men at hospital accidents and emergency departments;

- drug misuse - there were more than 5,000 newly-notified addicts in 1986;

The UK is being described as the Sick Man of Europe, because it has begun to lag behind most other developed countries in preventing disease and promoting good health

- smoking - 100,000 deaths each year are caused by smoking, with about 60m working
- dental disease - children under 16 have 24m teeth extracted and 69m fillings each year
- coronary heart disease
- 180,000 deaths and 38m working days lost in Great Britain last year

days lost and \$40m spent in NHS treatment costs;

Objections to Government proposals to introduce changes to the White Paper. But the main themes - certainly as the Government would like them to be seen - are health promotion and consumer rights.

Solutions to many health problems are in the hands of individuals. The Government, health authorities and other public bodies are actively involved in health promotion campaigns, notably in the areas of encouraging people to change to healthier diets and take more exercise. The 'Look After Your Heart' campaign in England, the 'Change of Heart' programme in Northern Ireland and 'Heartbeat West' are all recent examples.

The promotion of good health and prevention of illness were among the founding aims of the National Health Service, enshrined in the Act which brought it into being 40 years ago. In reality, these activities have usually seemed an insignificant sideline compared with the more mainstream, dramatic and costly activities of curing people once they are sick.

Recently, however, there has been renewed interest in health promotion. One of its attractions is that if it succeeds it can do so on a grand scale - changing the habits of millions of people and, in the long term, save very substantial resources in the health service.

Health promotion enthusiasts, who are convinced that the public can be encouraged to adopt healthier lifestyles, frequently quote the example of cigarette smoking in support of their case. Until relatively recently a majority of men and a high proportion of women were smokers. By 1984, the proportion had fallen to 34 per cent in spite of an increase in the number of outlets selling tobacco products.

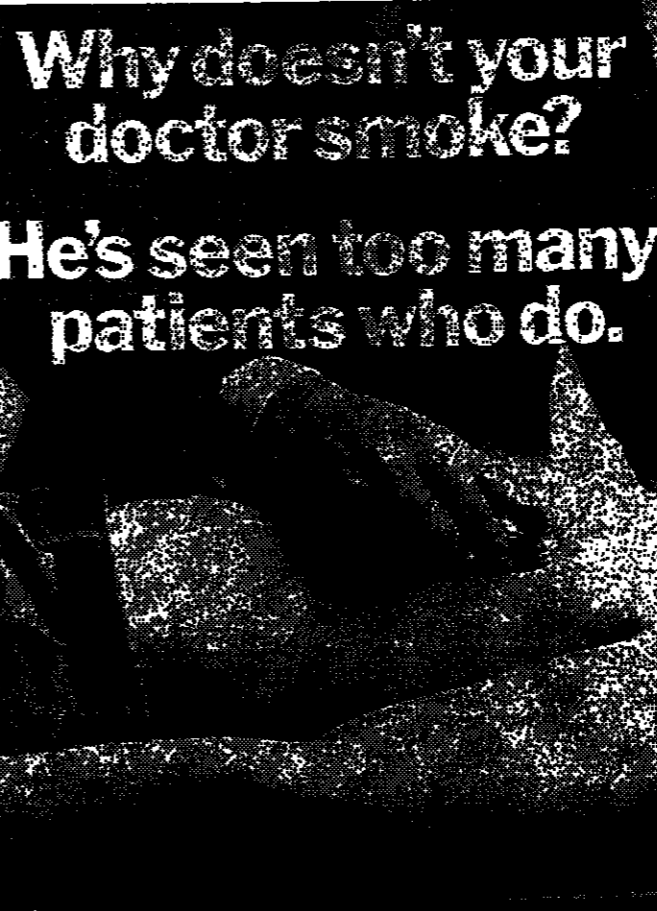
The success of some companies and industries in radically improving their health and safety records is cited as further proof that positive campaigns can change attitudes. So too is the success of immunisation programmes.

On the bleaker side, though, the UK's health promotion record does not stand up to favourable international comparison. The National Association of Health Authorities recently described the UK as the Sick Man of Europe, saying it had lagged behind almost all other developed countries in terms of the prevention of disease and promotion of good health.

For example, said NAHA, premature deaths from heart disease, which had been reduced by up to one-third during the past 20 years in countries like the US, Finland, Australia and Canada, had at best remained static in the UK and had even increased in some areas.

The question of regional and social disparities in health remains a significant and controversial issue in the UK as like other members of the World Health Organisation - the country tries to move towards a target of reducing health inequalities within and between nations by 25 per cent by the year 2000.

A sample of a well-established health promotion activity - anti-smoking poster campaigns. Only 34 per cent of the UK adult population now smokes, compared with a majority a few years ago.



The Government's White Paper does not engage directly in this debate, but it recognises that many inner cities and other areas of deprivation experience a quality of primary health care provision which is poorer than elsewhere.

These deficiencies can range from elderly, single-handed GPs working from seriously inadequate premises to a lack of pharmacies, shops and other facilities. Old industrial areas are particularly affected by shortages of dentists and even in inner-city areas of the South East - which has one of the highest proportions of dentists - courses of treatment per head of population are among the lowest in the country.

Many of the proposals in the White Paper and intended to help meet the special needs of deprived areas. These include plans to strengthen primary health care teams; introducing a compulsory retirement age of 70 for family doctors; offering financial incentives for GPs to employ link workers to liaise with ethnic minorities; increasing funds to improve practice premises and creating a special fund to attract pharmacies to inner cities.

More broadly, the intention of the White Paper is to use family doctors and other primary health care practitioners more positively as the 'front line' of health care to promote good health. On an average day around 750,000 people visit family doctors, a similar number obtain medicines on prescription from pharmacists, 300,000 receive dental treatment and at least 100,000 are visited by nurses and other health care professionals. Nine out of ten medical problems are dealt with outside hospital, mainly by the 30,000 family doctors.

Financial incentives and other methods are proposed to encourage all these groups of health care specialists to give a higher, clearer priority to health promotion.

The White Paper repeats a quotation from a report last year by the Commons Social Services Committee. "Few, if any, commentators would disagree with the premise that the next big challenge for the NHS, and one especially for primary health care, is to shift the emphasis from an illness service to a health service offering help to prevent disease and disability."

The challenge is indeed a big one, but the health promotion message is set to become an increasingly familiar part of the UK's health vocabulary.

Alan Pike

Alternative medicine

Doctors remain sceptical

ALTERNATIVE FORMS of health therapies such as homeopathy and acupuncture are becoming increasingly popular in Britain with some seeing them as a complement to orthodox medicine while others perceive them as an alternative.

Indeed, during the Prince of Wales' presidency of the British Medical Association (1982-83), he urged the association to look critically at modern medicine. Prince Charles stated: "Today's unorthodoxy is probably going to be tomorrow's convention."

Interest in alternative therapies was also expressed within the medical establishment at the time. A survey published in the British Medical Journal in July 1983 indicated a striking degree of interest in complementary medicines among general practitioner trainees. In a survey of 100 trainees approximately 80 per cent wished to train in at least one method and about 21 per cent had already used one.

The BMA decided that an assessment of methods was needed to avoid ignoring potentially important methods of treatment and also to gain information on what would prove to be false claims.

Its Board of Science and Education set up a working party to investigate complementary medicine and unorthodox methods of treatment. The working party, under the chairmanship of Professor James Payne, reported back recently.

The report, which unequivocally stated its commitment to orthodox medicine, was sceptical in many cases given the dearth of scientific evidence to back up claims for the efficacy of treatment. It said: "For many therapies a formal trial would be quite inappropriate. In some cases such as aromatherapy because of the strangeness of the treatment itself, in others because the treatment was alleged to be necessarily different for each individual patient, it clearly would rule out any trial based on comparisons between patients."

"Nevertheless the report added: 'In fairness to the practitioners of alternative medicine, it has to be said that many patients are comforted and may be 'healed' when under their care."

"It is also possible that among the multiplicity of techniques there are some which are genuinely therapeutic, even beyond any placebo effect. Careful study of this possibility is needed with a view to bringing beneficial techniques within the safeguards offered by a registered profession."

Individual therapies such as acupuncture - a discipline performed by many general practitioners - were singled out by the report. It said: "There is a scientific basis for claims that acupuncture is effective as an analgesic. However, it is useful only in a small proportion of patients. Strict asepsis and proper training of practitioners are needed to avoid the risks of infection or organ damage. As acupuncture is an invasive procedure its practice should conform to the same ethical and technical standards as orthodox medicine."

Other treatments to receive qualified support in the report

For many therapies a formal trial would be quite inappropriate... for others, it is ruled out because treatment is individual

included hypnotherapy, manipulation, osteopathy and chiropractic.

In discussing a range of other therapies the report said: "Although practitioners of such therapies may help people to deal with their experience of illness, and be sensitive to peoples' emotional or spiritual needs, they do not necessarily respond in a systematic way to organic, psychiatric or psychosocial problems."

Nevertheless the BMA did indicate some humility in recognising the gap between the orthodox physician and some alternative medical practitioners and that lessons could be learnt on both sides.

"The medical herbalist is at fault for not assessing his drugs in terms of today's knowledge, and the orthodox physician is at fault for cynical scepticism with regard to any healing discipline other than his own."

The scepticism extends to health insurance companies which generally do not offer specific cover for alternative treatments such as acupuncture. BUPA for example, said: "We are in the main in the business of acute treatment by recognised consultants." However BUPA said that if one of its consultants prescribed acupuncture as part of a treatment it would then pay for the treatment. BUPA said that no doubt this had occurred in the past among BUPA subscribers.

Lisa Wood



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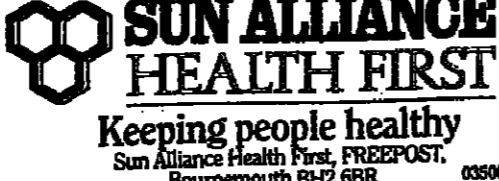
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Interest in occupational health problems is increasing

Growth area for the 1990s

THE BIG Bang followed by the Great Crash has done little for the occupational health of those in the financial services sector.

Two thirds of personnel executives in leading City companies identified stress as the main health problem experienced by those companies over the past year, according to a recent survey carried out by market research company MORI and commissioned by Bupa, the private health services organisation.

Moreover, in building societies, stockbrokers and accountancy firms, the proportion of personnel heads mentioning stress as a major health concern was some 80 per cent.

Not surprisingly, leading financial services companies have responded to this problem in various ways. County NatWest, for example, has trained medical and personnel staff in counselling employees and is considering introducing "help lines" to enable them to contact external professional counsellors in confidence.

Increased concern with stress and its effects in the City is only one aspect of rising corporate interest in looking after the health of employees. While occupational health used to be primarily concerned with maintaining a safe factory environment, it has increasingly in the 1980s been extended to cover preventive health measures.

"The most important corporate asset is people," argues Mr Chris Jessop, a director of City Health Care which provides health assessment and stress counselling services to companies.

"The success of the business and the optimum use of this resource requires that key executives are healthy, fit, motivated and able to work at peak form," he adds. "Businesses simply cannot afford to lose such people, to be involved in costly replacement or to have them working at reduced efficiency."

Yet companies have in the past paid only lip service to occupational health care in its widest sense. This is in spite of the total number of working days lost through minor illnesses - often as "building sickness" - it said work related - totalling almost 100m, more than three times the number of working days lost through strikes in the worst year for industrial action since 1945.

One man in every four, moreover, will have a heart attack or stroke before reaching retirement age. Heart disease, the leading cause of premature death in the UK, results in the loss of 26m working days annually.

The Health and Safety Commission's recent annual report notes that development of occupational health services was a priority area for future development. The aim is to raise employers' awareness of occupational health issues and help them assess their needs for advice.



Bupa's Fitness Assessment Unit: health checks are being increasingly adopted by companies to look after their most important corporate asset - people.

alcoholism alone. The problems of occupational health have been exacerbated in the 1980s by the widespread introduction of visual display units which, if wrongly sited and used, can cause a variety of health problems - such as eye damage and wrist strains - which for the first time bring office workers in line with factory employees in facing actual physical harm from going to work.

In addition, it is increasingly being recognised that offices themselves are a major cause of minor ailments - such as lethargy, headaches, sore throats, and watery eyes. A recent survey by Building Use Studies, a consultancy, identified the problem through minor illnesses - often as "building sickness" - it said work related - totalling almost 100m, more than three times the number of working days lost through strikes in the worst year for industrial action since 1945.

The consultancy added: "The causes of building sickness may be neither mysterious nor sinister, but lie with the fact that, in many buildings, complex services are required which no one is prepared to pay for."

The Health and Safety Commission's recent annual report notes that development of occupational health services was a priority area for future development. The aim is to raise employers' awareness of occupational health issues and help them assess their needs for advice.

ments. Bupa carries out an audit of a company's occupational health needs and then provides the necessary health package.

Dr Alan Bailey, director of Bupa's medical development, explains that for the past five years, Bupa has also been examining methods of estimating the "health" of companies.

"Our method is designed to provide health management information, based on examinations of employees, for use by the appropriate departments to help improve corporate health," he says.

One widespread preventive measure increasingly being adopted by companies is the health-check. This involves a series of tests which can reassess an employee as to his or her health status, or act as an early warning system for potential health problems.

A relevant medical health check points out Mr Jessop from City Health Care, would include a review of personal and family medical history; a urine and blood test; height, weight, and body fat measures; measurement of lung condition and performance; blood pressure readings; and executive stress tests.

"Preventive health care counselling would focus on those areas most relevant to the individual and could include discussion and plans on areas such as appropriate exercise, improved diet, or reduced smoking or alcohol intake," he says.

The growth of health-check schemes, however, has led to some concern among the leading private health operators about a lowering of standards from new companies offering such services.

Mr Bob Graham, Bupa's chief executive, has written to Mr John Moore, the social services secretary, suggesting that "monitoring is essential to control quality and to maintain uniform standards."

He added: "This must be undertaken in both the private and state sectors either by a statutory body or by the health service itself."

Not surprisingly, the growth of interest in occupational health has given fresh impetus to traditional health farms and clubs which are now increasingly used by business executives.

Growth in demand has led to the recent opening of a new £3.5m health and fitness centre at the Barbican development in London. The centre is owned by the Health and Tennis Corporation of America, operators of the world's largest chain of health and fitness clubs.

David Churchill



"Pharmacists are the only health professionals who see a majority of people when they are fit and this makes them well placed to carry out health promotion activities"

Pharmaceutical Services

Chemists seek expanded role

COULD QUEUES in doctors' surgeries be reduced and pressure on hospitals eased, at the same time as saving the taxpayer money?

The answer 'yes' may appear improbable but Britain's pharmacists say it is the correct one. If better use were made of their professional services, they believe, pressure on other areas of the health service could be relieved and cash released for under-funded activities.

"It costs the system \$5 every time someone goes to see a family doctor and \$60 when they walk through the door of a hospital. When someone goes into a high street pharmacist it costs nothing," says Mr Alan Smith, chief executive of the Pharmaceutical Services Negotiating Committee.

The committee represents the 10,500 NHS community pharmacists in England and Wales, and negotiates their rates for dispensing medicines and providing other medical services like fitting appliances with the Department of Health and Social Security.

Appearances can be deceptive as you look around your local chemist's shop. The shelves of cosmetics, toiletries, photographic materials and other goods may suggest that dispensing prescriptions and selling medicines is a fairly unproductive sideline to straightforward retailing.

But 70 per cent of the average

pharmacist's sales are medicines. About 33,000 items a year are dispensed in a typical pharmacy. Dispensing even accounts for 16-18 per cent of the annual activities of Boots, which is a major retail chain as well as Britain's biggest chemist.

Moreover, Mr Smith adds, it is from dispensing and other medical activities that pharmacists gain their job satisfaction. "People do not take a four-year degree course because they want to spend their time selling shampoos and tooth-paste."

The association is campaigning for pharmacists to be given an expanded role, believing this would fit logically with the emphasis which the Government wants to give to health promotion and the prevention of illness.

Chemists shops are conveniently and widely located and people can consult a pharmacist without appointment or fees. "Pharmacists are the only health professionals who see a majority of people when they are fit, and this makes us well placed for carrying out health promotion activities," says Mr Smith.

The association wants to persuade its members to give greater space in their shops to medical activities, so that discussions and counselling could be carried out in a more discreet atmosphere than the present over-the-counter consultations. But it says this depends on the Government being willing to

support the concept of an expanded role.

Pharmacists should, believes the association, be in a position to:

- carry out tests in areas like weight, blood pressure, cholesterol levels, pregnancy and fertility, and provide health information;
- make home visits to house-bound people and the disabled and develop relationships with local nursing and residential homes;
- formalise the existing arrangements under which some 100,000 prescriptions a year are dispensed voluntarily outside normal working hours, so that all patients have guaranteed access to a pharmacist 24-hours a day.

The association also believes that the range of medicines that pharmacists are permitted to make available to the public without a doctor's prescription should be increased. It says that in the last 20 years only three medicines have been added to the list of items which pharmacists can prescribe and it wants it expanded, particularly to include preparations for asthma and at an appropriate time. The eye and bacterial infections.

Pharmacists willing to take on the expanded role, says the association, should be rewarded by payments from a Good Practice Allowance based on the range of facilities and services available in individual pharmacies.

Although this would increase

NHS spending on pharmacy services, the association says it would more than pay for itself through savings on the line-family doctors would have more time to carry out minor surgery, as the Government is proposing, and both hospital costs and waiting lists would be reduced.

The pharmacists claim that they also save the NHS more than £100m a year through prudent drug purchasing, and believe some of this money should be invested to expand their health promotion activities.

The notion of an expanded role is accepted in the Government's primary health care White Paper. It speaks of pharmacists contributing to health education, commissioning research into how advisory and information services could best be provided in pharmacies and making additional funds available for continuing education and in-service training for pharmacists.

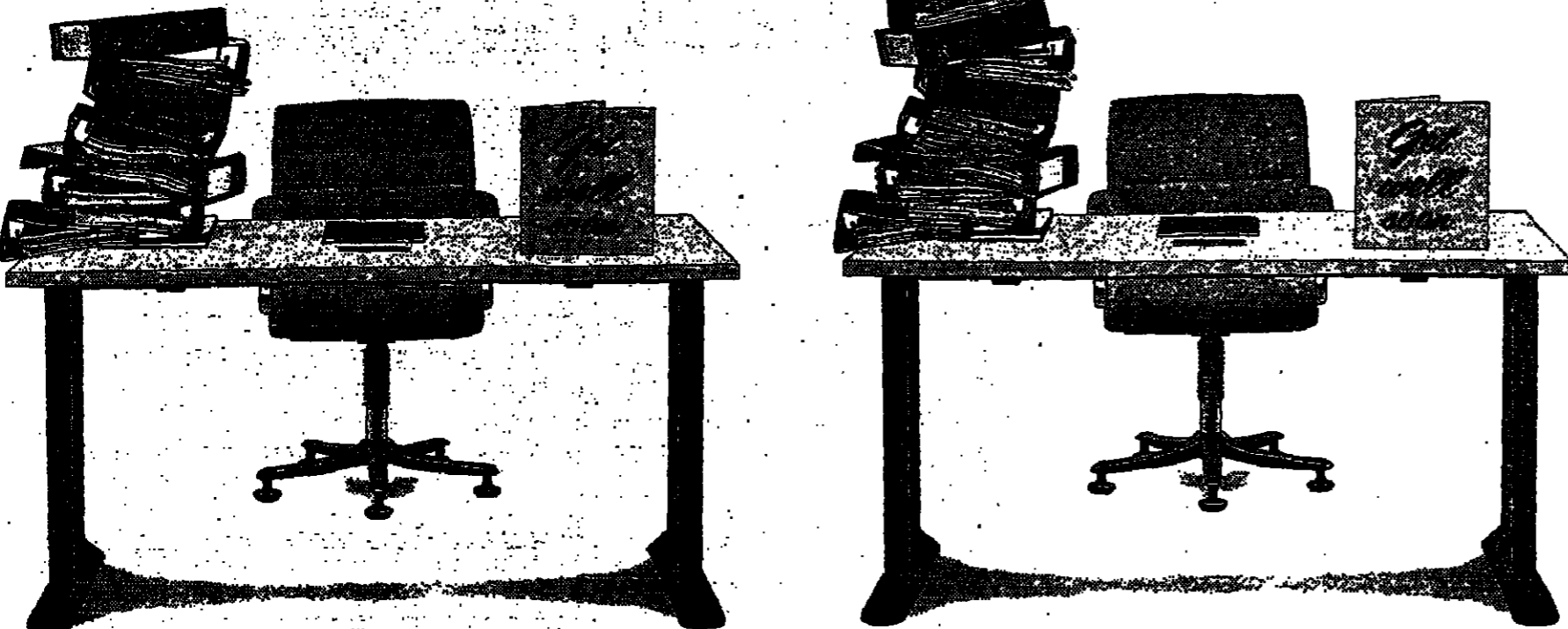
But this good news is tempered by corresponding statements in the White Paper that the developments will come as soon as resources permit, in due course and at an appropriate time. The pharmacists do not expect too much to happen too soon, and are continuing with a campaign to convince the public that they could be getting a priceless gift - better health - out of their local chemist's shop.

Alan Pike

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HEALTH CARE 6

Margaret Van Hattem recounts her experience of brain surgery at Bart's Boning ducks in the Cabbage Patch

IT WAS when I caught sight of the surgeon's green wellingtons that mild panic set in. I was prepared for a certain amount of mess in the operating theatre. I had not thought we'd be ankle-deep in it.

The patient was already enveloped in moss green cloth, only a small pink curve of shaven head protruding, and this was being swabbed down with sepiolite. The surgeon injected something (air?) under the skin, which bubbled up like bubble gum, and then he made the first incision. "This is not so bad," I said to myself two deep breaths later, as he lengthened the cut, "rather like boning a duck," as he pared the flesh back from the skull, "just basic carpentry, really," as he took up the silver hand-die and started boring a series of half-inch holes through the skull, "any experienced DIY'er could probably do it," as he took up a sawtoothed wire and linked the holes, carefully removing a flap of skullbone, thin and delicate as a crab shell.

I'd had a tumour removed from my own brain a few months earlier, so I was naturally curious to see for myself what exactly they'd done to me, and perhaps glean a clue or two as to why my mind had sometimes been erratic since, with curious audio-visual hallucinations. And at St. Bartholomew's Hospital, in London's Smithfield, consultants are used to an audience of students when they operate. So mine, regarded by many who work with him as one of the leading neurosurgeons in Britain today, had no objection to my watching him perform an operation similar to the one he'd done on me.

This one was on 13-year-old Terry, whose sight was threatened by a tumour pressing on his optic nerves; the trick would be to remove enough of the tumour to relieve the pressure and restore the sight, but to avoid damaging the brain with consequent risks to the boy's sight and his chances of regaining consciousness.

"Just like sweetbreads," I thought, as I peered over the consultant's shoulder. He seemed to be fiddling, and probing and parting and peering endlessly through a small microscope/camera, which projected the proceedings, much magnified and in vivid colour, onto a television screen, through which video recordings could be made.

Whether the video recordings of operations are for the benefit of students, litigants, or the surgeon's own records, I never discovered. But I was much struck by the contrast between this space-age paraphernalia and the array of equipment monitoring the patient's various functions and organs, on the one hand, and, on the other, the battered shabbiness of the more ratty surgical instruments.

Some of these had to be washed and resterilised during the operation because there were not enough to go around and some of the instruments actually fell apart and had to be discarded, because they were so old.

I also recall thinking: "Spending cuts or no spending cuts, this is really taking economy too far." This was when the surgeon started carefully sweeping up the tiny chips of bleeding bone produced by the drilling of the holes and setting them aside. But later all was made clear.

The operation, only the first of three for this consultant that day, had lasted more than four hours before he was satisfied and ready to pack up again. Out came the bone chips, which were washed into a pinkish paste and, as the flap of skullbone was sewn back into place, this was used to fill the remaining cracks, gaps and cavities. Apparently, the tiny bone fragments coalesce into a sort of living polyfilla, which, in time, knits the skull together again, though not smoothly enough to disguise all the bumps. Today, I am able to relate what I saw in the operating theatre that day to what had happened to me a few months earlier, simply by feeling for the still distinct holes in my own skull.

My own experience began with a numbness in the left arm and hand and an evil drip on the left side of the face, which so alarmed my colleagues that they rushed me off to Bart's casualty ward. After a wait of less than half an hour, I was taken off to a side room and put through about six hours of examinations and tests: they stuck pins into me, tickled my feet, brushed me with cotton wool to test for sensation, shone lights in my eyes, tested my hearing, my balance, my reflexes, my eyesight, and finally told me to stop worrying that I might be wasting their time, because something was seriously wrong. Four days later, months wheeled into the operating theatre.

"You do realise," asked the registrar solicitously, as he held up a consent form for my signature, "that an operation on the brain carries triple the risk to your life? Whether he expected me to withdraw consent and learn to love my brain tumour, I never discovered. For the next few days dissolved into a foggy haze of which only a few disconnected memories remain. Gradually, however, the faces of the nurses became clearer.

The W.G. Grace (neurological) ward at Bart's is known to the staff as the Cabbage Patch. Speaking as a former cabbage, I have only the warmest gratitude for the gardeners. The constant care and attention is not unlike that offered in those most elegant of restaurants, where you barely notice the waiters, but food and drink appear, as if by magic, when you are ready for them. The Bart's nurses are endlessly patient, affectionate and attentive, even with the most exasperated patients - the incontinent, the confused, or the just plain cantankerous - but also turn a welcome blind eye to those lucky enough, when they are better, to have friends who smuggle in small champagne bottles and other temptations.

Although the operation had left me temporarily paralysed down one side, so that I had to learn to walk again, I have to confess that I found my time in hospital curiously enjoyable. Friends began to worry seriously about my mental state, when I said the food was delicious, but actually it was not bad at all. I was not the only one in the ward who began inadvertently referring to the "hotel" rather than the "hospital."

If I have reservations, they arise mainly from the, what seemed to me massive, amounts of drugs that were prescribed, without some of their adverse side-effects, including the difficulty of coming off them again, being fully explained to me, despite some fairly persistent questioning.

The entire treatment programme: 4 to 5 hours in the operating theatre, 4 weeks in hospital, 8 weeks of daily physiotherapy sessions, 30 radiotherapy sessions (with wig to cover the resulting baldness thrown in) and continued monitoring as an out-patient with regular brain scans and blood tests - will have cost the NHS an estimated £6,000, says Jan Flichowski, the hospital's general manager.

The same treatment in the private sector would have cost getting on for half as much again. Moreover, it would not have been available at Bart's. In keeping with its 900-year tradition as a charity hospital, there are no beds to cater for private patients.

Flichowski confirms recent reports that the hospital's running costs exceed its £40m annual budget, and that as a result, it is operating at 80 per cent capacity, with space for 750 beds, it has staff and funds for only 600 or so.

The hospital has had to cut back on some of its services, restrict the catchment area from which it will accept referrals from GPs and delay its maintenance and building programmes. None of the original hospital, founded in 1123, remains, but more than 250 years old and in need of structural reinforcement and general refurbishment.



Space-age paraphernalia at Bart's. He seemed to be fiddling, and probing and parting and peering endlessly through a small microscope/camera, which projected the proceedings, much magnified and in vivid colour, onto a television screen.

But Bart's most urgent problems stem from the difficulty in attracting and retaining staff. The hospital employs about 3,000 people, including 150 to 200 consultants, more than 1,000 nurses, as well as auxiliary and clerical staff. The problems arise less with doctors and consultants, who compete for places in an institution of such high repute, says Flichowski, and can supplement their incomes by private sector work, than with the nurses and medical secretaries. Their wages are fixed according to national guidelines which take insufficient account of the added cost of living in capital or of the significantly higher pay on offer in the private health sector and the City. As a result, many of the Bart's trained nurses go elsewhere, while the hospital has to make do with the more expensive and less dedicated nurses from various private agencies. And many of the best secretaries slip a few hundred yards down the road to the City, leaving the consultants lamenting that they would increase their effectiveness threshold, if only they could get a really top secretary.

But proximity to the City has its benefits, too. Among the many fund-raising projects initiated by the hospital's managers, to supplement inadequate government funding, is an investment competition (dreamed up by a former cancer patient with a prominent position in the Square Mile). The dozen or so companies taking part have started with a stake of £25,000 each, the one earning the highest return on its investments winning a trophy and the honour of donating its prize-winning return to Bart's. (And, who knows, the participants may feel moved to kick in their original stake as well.)

Incidentally, Terry has totally recovered his sight and is doing fine. And friends and colleagues tell me I am not noticeably crazier than I was before.

Industrial relations Unprecedented challenges

IN THE aftermath of the extensive publicity of the brief protest, strike by fewer than 40 nurses in Manchester, it may seem odd to suggest that the National Health Service seems today less than ever at risk of serious disruption by any group of its workers.

Yet such a contention can be made with some confidence in spite of constraints on staffing and pay, in spite of the pressures of competitive tendering and in spite of threats to national bargaining structures.

For while the NHS faces these unprecedented challenges on the industrial relations front, there is at the same time an arguably unprecedented determination to meet such challenges in negotiation.

The labour relations climate in the NHS is highly influential: quite apart from the workforce being the UK's biggest, hospitals are now the largest workplaces in a majority of parliamentary constituencies.

That the climate is relatively stable - Manchester-type local protests notwithstanding - is probably attributable to two main factors: the repercussions of the 1982 nurses' pay dispute and the failure of the more recent attempts by the unions to see off competitive tendering by striking.

The nurses' dispute led directly to the setting up in 1983 of their pay review body. Although the Government has not always implemented the review body's recommendations in full, the net results are seen by the trade unions as preferable to annual bargaining against a cash limit.

Equally important, the post-dispute period has witnessed the rapid growth of the Royal College of Nursing, with 265,000 members, easily the biggest union outside the TUC.

ONE OF the most pressing problems facing NHS managers in the coming year will be how to maintain the 50,000-strong nursing workforce.

Demographic trends, in the form of a sharp fall in the number of school-leavers, are predicted to leave the profession short of 3,000 recruits a year by 1989.

If the proposed Project 2000 reforms of nurse training go ahead, cutting the worldwide of student nurses, the shortfall could be as much as 16,000 or more than half the required intake.

The Government hopes a forthcoming revision of the nurses' pay structure will help cut the loss of trained staff: at present, there are 1.4m registered nursing practitioners, the majority of whom are not practising.

In addition, however, there is a growing consensus that non-pay measures must be taken to improve recruitment and retention, including much wider use of job sharing, part-time work and flexible hours and steps to attract more male trainees.

The college, which has a no-strike rule, claims to be setting the trend for a whole new approach to trade unionism. While this may be an over-statement, there is no doubt the college's techniques of swaying public opinion have influenced the other NHS unions.

These unions were also influenced, and in some cases damaged, by the strikes against the compulsory competitive tendering regime introduced in NHS ancillary services in 1983. In particular, the lengthy disputes at Barking Hospital, east London, and Addenbrookes Hospital, Cambridge.

As a result, the unions now concentrate on working with hospital authorities to keep work in-house and keep the contractors out, even if that means accepting pay cuts. Where contractors do get a foothold, the unions now look for a recognition agreement.

Indeed, the unions' growing success in winning agreements with leading contractors like Mediclean raises fascinating questions about how far they may go with competitive working both inside the NHS and in the private sector.

However, having said that NHS workers are in no mood to sue to the streets on a broad front, it is being acknowledged immediately that they have recently been doing just that at local level in Manchester, over a threat to nurses' unsocial hours payments, and in Coventry, over spending cuts.

The Coventry protest, reminiscent of the 1982 nurses' dispute, saw workers from several factories joining a half-day strike and offering a revised pay structure, showing of feeding against bed clo-

ures and the transfer of an entire hospital to a housing association.

Such incidents have demonstrated precisely how the emotive NHS funding issue remains capable of provoking disruption at local level. And as the Manchester walkout demonstrated, rank-and-file pressure for action can be strong.

The topic with most potential to sour NHS industrial relations - if not cause strikes - remains pay: pay restraint, pay equality and pay flexibility.

Restraint. In the world outside the pay review bodies, the Government's cash limits have been barely denied. Six per cent increases in 1987, 5 per cent in 1987, probably less again this year. Among ancillary workers, laboratory technicians, white-collar staff and ambulance crew, the strains are starting to show.

Ambulance crew, admittedly, won a radical deal in 1985-86 when they moved to salaried status and had their extensive overtime payments bought out. At the heart of the deal was the idea that crew would agree productivity improvements at local level and would attend off-the-job training to learn paramedical skills.

Already the idea has hit the roots, union leaders talking members to end co-operation because the Government has refused to maintain the value of the salary against that of a firefighter.

Equality. One group to break through the cash limit in recent months has been speech therapists. The overwhelmingly female profession has been offered a revised pay structure, raising typical scale points by up

to 20 per cent, after three therapists brought a test case claim for equal pay for work of equal value. More than 1,200 of their colleagues followed suit.

The Government is continuing to try to fight the claim in the courts on grounds that the 1984 equal value legislation does not apply to the NHS because of special regulations governing its pay rates.

If this defence fails, the NHS will be particularly vulnerable to the equal value law and the unions threaten to use it on a broad front to boost the pay of women workers, who make up the overwhelming majority. The National Union of Public Employees believes nurses could win rises of up to £2,000 a year by comparing their work with that of, for example, male NHS electricians.

Flexibility. At the same time as it is trying to hold down NHS pay rates in general, the Government is attempting to introduce greater flexibility into wage and salary structures.

A revised grading structure for nurses is about to be priced by their review body and should, in theory, offer better rewards for those with higher skills. The Government may also press the review body to consider regional pay variation.

What many nurses will not stand for, as the Manchester episode showed, is savings in areas like unsocial hours payments to finance pay improvements elsewhere.

Meanwhile, 2,000 NHS managers are now to be rewarded according to their performance; about 1,200 computer staff in south-east England are now eligible for special pay supplements and proposals are on the table for variation of the pay of administrative and clerical staff according to individual skills and local labour market conditions.

Surprisingly, perhaps, the Government did not attempt to force the issue on the latter proposals when union leaders rejected them last autumn. A straightforward 5 per cent rise was agreed instead.

However, all the signs are that the drive for greater flexibility has lost little of its momentum. It is certain in 1988 to run up against tough resistance across the bargaining table - if not on the picket line.

David Brindle

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Midlife crisis for NHS

from page 1

many reviews of NHS funding now in progress, health care in Britain faces some expensive pressures between now and the end of the century.

Advances in medical technology create demands for new treatments. Life-expectancy rates, although showing a steady increase, have not improved as much in the UK as in most other developed countries. There will be pressure for greater investment in health promotion and the prevention of illness - a central theme of the Government's recent primary health care White Paper.

The proportion of old people in the population, who make particularly heavy demands on health provision, will have doubled between the foundation of the NHS in the 1940s and the end of the century. The pressures, which AIDS will make on health budgets remains a master for frightening speculation.

Another fundamental issue this year - and one involving the full range of public and private sector agencies - will be the future arrangements for the care of elderly, mentally ill and mentally handicapped people.

A report on the subject by Sir Roy Griffiths, managing director of J Sainsbury and deputy chairman of the National Health Service board is due shortly.

Government policy since the 1970s has been that such people should be cared for in the community rather than hospital wherever possible. This has been accompanied by a major growth in private sector care through supplementary benefit funding. New mechanisms for funding community care could become test-bed for other areas of the health and welfare system.

In spite of the many recent reports of shortcomings and crisis in the NHS, opinion polls continue to show strong public sup-

port for the service - although the pro-market Institute of Economic Affairs says the outcome would be different if politicians gave the public more information about costs and alternatives.

A turn-of-the-year review of the politics of health care by the Association of the British Pharmaceutical Industry concluded that the NHS is likely to prove more enduring that the recent debate about its deficiencies may suggest.

Bevan's early optimism may yet prove justified. But the possibility of change is greater than at any time in the past 40 years. One basic reason for this, as the pharmaceutical association's report points out, is that relatively few people now recall what health care was like prior to 1948. "The NHS no longer has the advantage of being compared in most people's minds with a previous system remembered as being considerably inferior."

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Atlantic Richfield poised to launch Britoil counter-bid

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

ATLANTIC RICHFIELD, the US oil company, gave a strong signal yesterday that it was considering a counter-bid for Britoil as British Petroleum announced the terms of its \$2.27bn (\$4.13bn) offer for the UK oil exploration company.

Arco announced early yesterday that it had increased its stake in Britoil to 23.73 per cent, buying shares in the market at above the 450p share offered by BP. It was felt that Arco may have continued buying discreetly later yesterday.

BP, which already owns 29.8 per cent of Britoil, is offering shareholders the option of 450p in cash or one BP share and 190p in cash for each Britoil share. The market reacted at first by depressing Britoil's share price to 451p, down 14p on Wednesday's close, but speculation about a counter-bid pushed the price to 459p by the end of the day.

BP's offer represents an increase of 140 per cent on the value of Britoil's shares on December 7, the day before BP made its first move by buying 14.9 per cent of the stock at 300p.

The smaller company, which has rejected BP's offer as a gross undervaluation of its assets, will be issuing a detailed defence document in about a week's time.

Arco has steadily raised its

James Buchan in New York examines the company with a knack for attracting billion dollar lawsuits
Cracks spread in Texaco plan to escape bankruptcy

IN THE WINTER of 1978-79, Iran sunk into revolutionary chaos, its oil production was interrupted and world market prices of crude oil rose sharply.

Over the next two years, spot prices of oil tripled from just over \$12 a barrel to a peak of \$38, before collapsing again.

But Saudi Arabia, the world's largest exporter of oil and the country with the largest reserves, was concerned that the price spiral would cause chaos among oil consumers, as had occurred during the oil crisis of 1973 and 1974.

From 1979-81, Saudi Arabia opened the taps and produced at near capacity levels, while keeping official prices lower than the market.

These were wonderful years for the US oil companies which were partners in the Arabian American Oil Company, the venture which produces and sells the bulk of Saudi oil.

The partners - Exxon, Chevron, Texaco and Mobil - bought the oil at discounts to world market prices of up to \$6 a barrel.

According to industry executives, they sold the oil on to their affiliates in Europe which booked large profits in selling refined products.

At the time, it was known as the Aramco Advantage and it made other oil companies furious.

But on Wednesday, the Advantage came back to trouble the strong companies in the consortium and to threaten the very existence of the weakest, Texaco.

Late that day, Texaco dropped a bombshell. The crippled company, which must already put up about \$5.5bn to escape from a bitter and enervating bankruptcy case, said US tax authorities had warned it might have to pay up to \$1.5bn in back taxes, much of it arising from the Aramco Advantage.

According to Texaco and tax lawyers, it appears the IES is attempting to argue that the Aramco partners should have booked the

profits arising from the Advantage to their US companies.

The "cumulative audit claims," if they are presented to Texaco's bankruptcy court, have the potential to destroy the fragile \$5.5bn agreement between Texaco, its creditors and many stockholders to lead the company out of bankruptcy.

Big cracks have already appeared in the united front with the attempt by Mr Carl Icahn, the takeover specialist who is Texaco's chief stockholder, to file his own bankruptcy reorganisation plan which will strip the embattled company of defences against takeover.

Texaco says it has provisions in its balance sheet to meet certain tax liabilities, but not "possible new IES claims with regard to crude purchases from Saudi Arabia in the 1979-81 period".

The oil industry and stock market remain sceptical. Exxon, Chevron and Mobil all say they know nothing of any additional tax liability through the Aramco Advantage.

Industry executives believe that the IES should accept that tax was paid by the European affiliates.

On Wall Street, theories abound. Lawyers say that the IES has had to "throw everything it's got" at Texaco in time for a key court

hearing on Friday week to preserve the right to future - possibly smaller - claims against Texaco.

But Texaco is a company which has a fatal ability to attract billion-dollar adverse judgments. Wall Street does not like to be reminded of it, but it once scooped at a little lawsuit brought against Texaco by Pennzoil. The suit produced a \$10bn award of damages and drove Texaco into bankruptcy.

Texaco stock, which was soaring this week in response to Mr Icahn's efforts to open the company to takeover, was suspended on Wednesday, but tumbled \$2 1/2 to \$38 in early trading yesterday.

GM debt rating lowered

BY RODERICK ORAM IN NEW YORK

MOODY'S INVESTORS Service, the US debt rating agency, yesterday downgraded about \$54bn of outstanding debt of General Motors and its guaranteed subsidiaries, mainly General Motors Acceptance Corporation, citing concern that the car maker would continue to lag behind the performance of its competitors.

The rating for such GM issues as Eurodebt, senior notes and debentures, and GMAC's grantor trusts were cut to Aa3 from

Chemical Bank loses \$853m

BY ANATOLE KALETSKY IN NEW YORK

CHEMICAL NEW YORK, the fourth largest US bank holding company, made net profits of \$229.6m or \$3.83 a share in the fourth quarter but lost \$853.7m or \$16.68 a share for 1987 as a whole.

Chemical's fourth-quarter profit was almost double the \$127.2m or \$1.92 a share reported a year earlier, but most of the improvement was due to a one-time gain from the conversion of some of the bank's pension obligations into an annuity contract.

The pension gain was \$126.4m at the pre-tax level and there was a further \$25.6m

DEC rises 22% on lower taxes

BY OUR NEW YORK STAFF

DIGITAL EQUIPMENT, which is today expected to announce an important technology pact with Apple Computer, earned \$329.6m or \$2.48 a share in the latest quarter compared with \$269.9m or \$2.02 a year ago.

Most of the improvement was due to a lower tax charge - Digital's second-quarter pre-tax earnings increased by only 1 per cent to \$429.5m from \$423.8m a year ago.

Although net profits were 22 per cent up on the year-earlier level, the results confirmed a marked deceleration in the company's recent spectacular growth rate. Sales were also up 22 per cent in the quarter, from \$2.27bn to \$2.78bn.

Mr Kenneth Olsen, president, said: "We are gratified that revenues continue to grow at a rate which indicates market share gains. Business overall is firm and our international business remains quite strong."

DEC was one of last year's highest-flying stocks.

Securities directors quit in merger row

BY CLIVE WOLMAN IN LONDON

MR BRIAN WINTERFLOOD, one of London's leading equity market-makers and a founder of its unlisted securities market (USM), resigned on Wednesday evening as a director of County NatWest Securities. He had been given an ultimatum over the firm's reorganisation plans following its merger with securities firm Wood Mackenzie.

Mr Stephen Raven resigned as deputy managing director of the firm at the same time, only eight months after being recruited from another broker, Warburg Securities.

The resignations bring to a head the conflicts within the bank which have been simmering since its proposed merger with Wood Mackenzie was announced last month.

Mr Winterflood was confronted on Wednesday evening by Mr Charles Villiers and Mr Jonathan Cohen, the two chief executives of National Westminster's investment banking and securities arms, and Mr John Chiene, of Wood Mackenzie. Mr Chiene is to become

International Paper jumps to \$407m

BY OUR FINANCIAL STAFF

INTERNATIONAL PAPER, the world's largest paper maker which also produces wood products for the building industry, reports a rise in fourth-quarter net profits to \$125m or \$1.14 a share, up from \$113m or \$1.06 in the same period a year before.

This brings the total net figure for 1987 to \$407m or \$3.68


a share, compared with \$305m or \$2.88 for 1986. Figures for 1986 include pre-tax gains of \$41m on the sale of the company's New York headquarters building and \$32m on an offering in its IP Timberlands subsidiary. These were offset partly by a \$31m pre-tax charge to cover a reserve for staff relocation and other expenses.

Revenues for the year rose from \$5.5bn to \$7.5bn after a rise from \$1.9bn to \$2bn in the fourth quarter.

International Paper attributed the strong performance to the acquisition in 1986 of Hammermill Paper, strong pricing and the fall in value of the dollar.

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EXTENSION OF SUBSCRIPTION PERIOD

NOTICE IS HEREBY GIVEN that due to current market conditions the Company proposes to modify the terms of the Bearer Warrants by extending the expiry of the subscription period from 30th April, 1989 to 30th November, 1990.

The modification requires the consent of Warrant holders by extraordinary resolution represented at a meeting of Warrant holders to be convened as soon as practicable. Notice of the Warrant holders' meeting will be announced in this newspaper. Clarkson Holdings Limited, a wholly owned subsidiary of Elders IXL Limited which holds approximately 75 per cent of the Warrants, has indicated that it will approve the proposal.


Dealings in the Warrants will commence on 18th January, 1988 as previously announced and all other terms of the Warrants remain unchanged.

The existing definitive Warrant certificates will continue to be valid subject to the modification.

The Stock Exchange of Hong Kong Limited has indicated that it has no objection in principle to the proposed modification of the Warrants.

By order of the Board
 15th January, 1988

AN EVENING AT THE THEATRE - WITH THE COMPLIMENTS OF THE RITZ



Let us relieve you of the problem of planning a night at the theatre, and add to it the magic of two nights at The Ritz.

Between January 1st and April 30th come and stay at The Ritz for any two nights, and be our guest at one of the best shows in town. We have reserved a limited number of seats for you at Cats, Les Miserables, Follies and Phantom of the Opera and it will be our pleasure to direct you to the theatre and to spoil you in the comfort of The Ritz on your return.

The cost for a minimum two nights' stay, sharing a twin room, with English Breakfast both mornings and one theatre ticket each, is just £170 per person.

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IT'S CURTAIN UP AT THE RITZ

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Some business travellers will change neither hotel nor newspaper.

That's why they are particularly happy to find complimentary copies of the Financial Times at the following hotels in Cannes: Gray d'Albion, Majestic, Frantel Beach, Bellevue, Carlton, La Madone.

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 EUROPE'S BUSINESS NEWSPAPER

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FINANCIAL TIMES
 Europe's Business Newspaper

It's attention to detail that makes a great hotel chain, like providing the Financial Times to business clients.

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FINANCIAL TIMES
 EUROPE'S BUSINESS NEWSPAPER



INTERNATIONAL CAPITAL MARKETS

Stephen Fidler on proposed changes to UK loan transfer rules Emerging markets under threat

NEW RULES proposed by the Bank of England on the transfer of loans by banks would significantly hinder the development of several important markets, including that for international syndicated loans, British bankers believe. "The rules proposed are likely to stifle many of the emerging markets," said one UK banker who is critical of many of the elements in the proposals, made in a consultative paper issued in December. Banks are increasing the active management of their balance sheets, either by selling loans to other banks or by the emerging practice of selling assets, such as mortgages, in the form of securities to investors. The paper is designed not to stop these practices, but to address the regulatory issues thrown up by them. It is highly unlikely that the rules will be introduced exactly as proposed, since the Bank is expected to be receptive to the bankers' comments it has requested. But, whatever their final shape, the rules are certain to have a significant impact on a fast-changing area of the banking business. Bankers have general and specific concerns about the proposals, which would be introduced by the Bank in the form of regulations. They are certain to have a significant impact on a fast-changing area of the banking business. Bankers have general and specific concerns about the proposals, which would be introduced by the Bank in the form of regulations. They are certain to have a significant impact on a fast-changing area of the banking business.

They do worry that applying the proposals would hamper them competitively against foreign companies, which might not be subject to similar strictures, and against domestic companies, such as building societies and securities firms, that fall outside the Bank of England net. There is expected to be a significant impact, for example, on a sizeable but little publicised market in so-called sub-participations - where banks transfer the rights to receive interest payments from loans to other banks. Hitherto, the selling of such sub-participations, in which there is an active market in London running to billions of dollars, was regarded as a "clean sale," which would leave no requirement to hold capital by the selling bank. A key difference in the Bank's eyes between the forms of transfer is that sub-participation - often done very quickly under master agreements - and certain types of assignment do not require notice to be given to the original borrower. This means that interest payments will be routed through the seller. "In consequence," says the Bank, "the buyer can be put at risk through actions of the seller." With novation an extremely complicated process, banks transfer most medium-term loans by assignment. It is in the area of short-term transfers that sub-participation is most common and used commonly in the US. These include certain types of credit enhancement and the promise to buy "residuals" by banks. Nevertheless, the impact of the proposals on the securitisation of assets would be to some extent offset by rules suggested late last year by the Bank for International Settlements and likely to be adopted in a refined form in the UK. Since they propose only a 50 per cent weighting for holdings of residential mortgage assets, they would reduce the incentive to turn mortgages - the prime candidate for securitisation in the UK - into securities.

German securities tax to stay at 10%

By Haig Shevlin in Frankfurt MR GERHARD Stoltenberg, the West German finance minister, yesterday confirmed that the Government remained committed to levying withholding tax at the rate of 10 per cent, rather than the 25 per cent figure suggested by the finance ministry's own academic advisory board. Commenting earlier this week on the Government's tax reform package, the advisory board recommended that withholding tax, due to be introduced at the beginning of 1989, should be imposed at 25 per cent, as already applies to share dividends. Mr Stoltenberg also confirmed the tax would not be levied on D-Mark Eurobonds issued by German borrowers abroad. Such bonds would include the numerous issues made by German banks through subsidiaries in Luxembourg or the Netherlands. While clarifying a major area of uncertainty over the D-Mark Eurobond market, Mr Stoltenberg's remarks confirmed that West Germany would again be facing a split capital market after 1989. Issuers in D-Marks using non-German vehicles are likely to be attracted to the domestic market, a situation the Bundesbank in particular has been keen to avoid. The decision may also contribute to the already political debate. Many leading publicly owned financial institutions, such as Deutsche Kreditbank (DKB) and Kreditanstalt fuer Wiederaufbau (KfW), have been increasingly active Euro-market borrowers in recent years. Some - though not all - have issued D-Mark Eurobonds through foreign subsidiaries, which have borrowed in the name of the domestic parent company, have incorporated special clauses into their issuing documentation allowing for a "switch of borrower" to a foreign subsidiary in the event of adverse tax changes. It could become politically embarrassing to the Government if such state-owned institutions were seen as using foreign subsidiaries for the D-Mark Eurobonds after 1989, thereby "getting round" the withholding tax. On the other hand, the banks themselves strongly urge that they should not be disadvantaged and come under political pressure not to use subsidiaries abroad, in view of their often increasing competition with private sector banks. Such arguments could apply particularly strongly to DKB, which has developed increasingly into a full-scale German universal bank in recent years. Such arguments could also apply particularly strongly to DKB, which has developed increasingly into a full-scale German universal bank in recent years.

Flurry of activity in Swiss franc sector

BY ALEXANDER NICOLL, EUROMARKETS EDITOR THE SWISS franc foreign bond market again saw a flurry of new issuing activity yesterday, bringing the amount of money raised so far this week almost to SF1.2bn and this year to SF1.8bn. Three new SF1.0bn private placements were launched. So far this year, the market has seen an astonishing 22 new deals. Elsewhere yesterday, the Eurobond market saw only sporadic activity as it awaited the publication of US trade figures. Today, Eurodollar bonds edged higher as dealers continued to square their books ahead of the US data. There was a \$1.6bn issue in the sterling mortgage-backed securities market. Bankers say the decline in Swiss interest rates has attracted borrowers to the market. Yesterday, major banks cut time deposit rates by up to 1/2 points. Lead managers have also detected a large amount of investors' money available for new issues, representing reinvestment of proceeds from bond redemptions and coupons as well as shifts out of equity markets. Last week, this enabled even some aggressively priced issues to be well received, although strong signs have emerged this week of indecision. Nevertheless, the Canadian province of Manitoba yesterday won the most favourable reception so far this week with a SF1.0bn issue led by Union Bank of Switzerland. Priced at 110 1/4 with a 4 1/4 per cent coupon, the four-year issue was quoted around issue price. Both the name and the maturity were attractive. The other two issues came too late in the day to determine their performance. Istituto Mobiliare Italiano's SF1.0bn 4 1/2-year deal, led by Swiss Bank Corporation, was priced at 100 1/4 with a 4 1/2 per cent coupon. Another Italian borrower, Ente Nazionale per l'Energia Elettrica, is making a SF1.0bn six-year issue priced at 100 1/4 with a 4 1/2 per cent coupon. Banque Paribas, Kurz, Bungeur was believed to be a lead manager but it could not confirm this. Among other recent issues, Japan Highway was bid about 2 1/2 points below issue price and ICI Finance's 2 1/2% below. Societe Generale reopened the New Zealand dollar sector with a NZ\$65m three-year issue led by HSBC Bank. It was priced at 101 1/4 with a 12 per cent coupon. Hambro said it had detected growing demand for existing issues and that it and co-managers saw interest in yesterday's issue, which it was bidding 1 1/2 points below issue price, the level of the fees. In Australian dollars, an A\$75m seven-year deal for Eurofina, the European rolling stock concern, was led by JP Morgan Securities. It was priced at 101 1/4 with a 12 per cent coupon and was bid just within the fees by the lead manager. The Euroguilder sector saw a F1150m issue for Algemeene Bank Nederland led by itself. The four-year bond carries a 5 1/2 per cent coupon and was priced at par. In D-Marks, bond prices were very little changed in quiet trading ahead of the US figures today.

INTERNATIONAL BONDS

trials' two issues were doing better with the 10-year at less than 1 1/2% and the 15-year at less than 1%. Belgium's four-year issue was at less than 1 1/2% in the secondary market, but rebounded after Wednesday's fall. Credit Suisse First Boston led a \$1.6bn issue for Household Mortgage, the specialist mortgage lender, issued in the name of ILM Mortgage Notes 2. It incorporated a two-tier structure seen on a previous issue for another borrower. It was accompanied by a \$1.2m issue of B notes being privately placed by CSFB. The \$1.6bn issue has priority on payments from the mortgages which back the issue, so the B notes - which pay a significantly higher interest margin - act as an insurance policy against defaults on mortgages, substituting for full-term insurance, which is viewed as expensive. CSFB estimated that the 27-year issue would actually have an average life of six years. It

operations of \$98.7m or 30 cents a share for the year. The fourth-quarter addition brings total reserves at the end of 1987 to about \$1.1bn. It increased the reserve to less-developed country exposure, after considering previous charge-offs of \$103m, to about 50 per cent of medium and long-term loans and commitments.

Taiwan to allow foreign broker branch offices

BY BOB KING IN TAIPEI TAIWAN'S PARLIAMENT has passed a revision of the securities and exchange law that will allow new stock brokerages to be established and permit foreign brokers to open branch offices. At the same time, the Securities and Exchange Commission has authorised Jardine Fleming, the local branch of the international securities firm, to begin actively promoting various international unit trusts. Currently, Taiwanese citizens can remit up to US\$5m a year without formal government approval but investors have been stymied by a lack of sophisticated channels. The licences of such investment consultants as Jardine

CBOT to keep limits on Major Market Index

BY DEBORAH HARGREAVES IN CHICAGO IN A move that imposes the first permanent price limits on stock index futures contracts, the Chicago Board of Trade has received regulatory approval to keep limits on its Major Market Index. The CBOT slapped 40-point limits on the index of 20 blue chip stocks after October's stock market crash. Since then, the thinly traded contract has not reached its limit, which effectively halts trading in periods of high volatility. Chicago's staunchly free market exchanges have long resisted price limits on stock index contracts, saying they would force business to move to other markets in times of heavy volatility. But in the face of strong criticism about the role

Continental lifts loan loss reserve

CONTINENTAL ILLINOIS, the holding company for Continental Illinois National Bank, fourth-quarter results will include a \$200m addition to its loan loss reserve for loans to less-developed countries, CFI Financial Staff reports. It said it will report a net loss of about \$235m in the fourth quarter and a loss of \$610m for

FT INTERNATIONAL BOND SERVICE

Table with columns for bond names, yields, and prices. Includes sections for US Dollar, Sterling, Swiss Franc, and Euro. Lists various government and corporate bonds with their respective financial metrics.

BP America Inc. 9 1/2% Guaranteed Notes Due 1998. Payment of the principal of and interest on the Notes is guaranteed by The British Petroleum Company p.l.c. Includes logos for Goldman Sachs & Co., Morgan Stanley & Co., and other financial institutions.

Indonesia in further deregulation

By John Murray Brown in Jakarta INDONESIA IS to introduce a new monetary instrument to ease liquidity problems in the business sector. An agreement between 17 foreign and local banks and 10 non-bank financial institutions was signed this week to introduce a revolving underwriting facility, which officials said would help to develop the country's secondary markets. The move is seen as a follow-up to measures brought in last year regulating the use of Bank Indonesia certificates of deposit and indentures. In a speech to bankers last night, Mr Arifin Siregar, the Governor of Bank Indonesia, said: "The Government is ready to defend the external value of the rupiah as long as we feel that the economic fundamentals justify existing policies." Improving the secondary market for rupiah is seen as one way to raise domestic confidence in the rupiah.

Financing for Elders

ELDERS IXL is raising a \$600m financing in the form of a multi-option facility, arranged by Chase Investment Bank, Transamerica Financial, The US American and insurance group, in separately raising a \$500m revolving credit through Swiss Bank Corporation yesterday's FT contained an incorrect reference to a \$1bn financing for Elders.

INTERNATIONAL COMPANIES AND FINANCE

Asea Boveri to exploit core areas

BY WILLIAM DUFFLOR IN GENEVA

ASEA BROWN BOVERI (ABB), the newly merged Swedish-Swiss electrical engineering group, will defy received industry opinion and attempt to gain world leadership in the mature business of power generation, transmission and distribution, in contrast to competitors which are quitting these sectors, Mr Percy Barnevik, chief executive, said yesterday.

Outlining the business strategy of the new group, which has sales of \$18bn, Mr Barnevik said ABB would go against the mainstream to achieve long-term dominance in the industry.

It would exploit its size to become the lowest-cost supplier in its core product areas and establish a competitive base from which to grow.

Mr Barnevik's first public statement since the merger became effective on January 1 was short on financial detail. The two companies have not yet closed their books for 1987,

but ABB would certainly pay a dividend for 1987 to its two shareholders, Mr Barnevik said.

This should allow Brown Boveri to resume its pay-out to shareholders after a two-year lapse. ABB itself will publish its first consolidated accounts, expressed in US dollars, after the second quarter this year.

The merged group would not need new equity funding in the near future. Instead priority would be given to making more efficient use of working capital, Mr Barnevik said.

About \$4bn could be released by raising the current capital turnover rate (assets to sales) of 0.9 per cent to a target of 1.25 per cent.

After the depreciation of the dollar and with economic slow-downs likely in the US and Germany, 1988 would be a fairly poor year, Mr Barnevik forecast.

But the tempo of change within ABB would be fast, quick savings could be made on

the financial side; and the group would start implementing the strategy for growth in volume, outlined to 250 top managers at a meeting in Cannes last weekend.

This strategy relies on a far-reaching decentralisation of the group into 40 business areas, some 800 companies and, when finished, to between 3,000 and 4,000 profit centres.

The strategy assumes that the current weak world market for power generating and transmitting equipment would come back, as Mr Barnevik put it, "when the brown-outs and black-outs start" sometime in the 1990s.

In the meantime, ABB had ample opportunity to make money in niches, such as the revamping and upgrading of existing plant, meeting demand for cleaner energy, coal gasification and waste recovery.

In support of his argument that demand for power equipment would recover, Mr Barnevik

cited the 2.3 per cent annual growth in electricity consumption in industrial countries and 6.8 per cent annual increase in the developing world.

Currently ABB makes close to 70 per cent of its sales in the EC and the Nordic countries. This market would be consolidated and used as a base from which to "lay hands on" new markets in North America and the Third World.

The US is an important target in ABB's planning. North America accounts for 30 per cent of the world market for ABB's main products - at present only 9 per cent of group sales are generated in the US and Canada.

Mr Barnevik said the Swedish-Swiss merger had been completed in five months and 800 managers had been appointed. This quick pace of change would be maintained and ABB would "go a very long way" in cutting corporate staff.

Controversial head of Wormald resigns

BY CHRIS SHERWELL IN SYDNEY

MR LEE MING TEE, the Malaysian-born businessman who built an Australian corporate empire, yesterday resigned as chairman and director of Wormald International, the country's leading fire protection and security company.

His departure marks the end of a controversial phase in Wormald's history and confirms the erosion of Mr Lee's status as one of Australia's leading Asian entrepreneurs.

Over recent weeks his resignation had seemed increasingly likely - particularly since Reil, the investment group, had acquired a key stake in Wormald and had taken management control.

It is thought that strong pressure also came from the National Companies and Securities Commission (NCSC), Australia's stock market watchdog.

The agency has made no secret of its reservations regarding Mr Lee's dealings - most recently the secret acquisition by a Wormald associate of a 4 per cent stake in Wormald.

This transaction also angered Mr Phillip Cave, the controlling shareholder of Reil. Mr Cave, according to yesterday's announcement, is now executive chairman.

Mr Lee, who is in his late 40s,

won control of Wormald two years ago through a bid launched by his Sunshine group, which left him with a 36 per cent stake.

After he became chairman of Wormald in November 1986, Mr Lee began a controversial restructuring of the group. Its key feature - the sale of his family stake in Sunshine to Wormald, followed by a Wormald bid for Sunshine - attracted NCSC attention.

In October, Reil stepped in and agreed to take over Wormald. But the proposal was wrecked by the stock market crash and an alternative merger plan then also had to be dropped.

A new plan was eventually announced in December, under which Reil would acquire progressive control.

The plan included the write-off of A\$65m (US\$46.4m) in goodwill from the Sunshine acquisition and other extraordinary pre-tax write-offs amounting to A\$60m.

It also entailed disposals of all Wormald's non-core businesses and assets, incurring an estimated A\$50m book loss.

These disposals included the purchase by concerns associated with Mr Lee of Wormald's Asian and New Zealand interests.

NOTICE OF PREPAYMENT THE MITSUBISHI BANK LIMITED

(Incorporated in Japan)

US\$ 13,000,000
Callable Negotiable Floating Rate Dollar Certificates of Deposit
 No. FRMFILL 00001 to 00013
 Issued on 10th February, 1984
 Maturity Date 16th February, 1989
 Optionally Callable on 16th February, 1988

Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank, Limited (the "Bank") will prepay all outstanding Certificates on 15th January 1988 (the "Prepayment Date") at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on the Prepayment Date.

THE MITSUBISHI BANK LIMITED
 London Branch
 1 King Street, London EC2V 8LQ
 Date: 15th January 1988

Brother blames strong yen for fall in profits

BROTHER Industries, Japan's largest maker of sewing machines, knitting machines and typewriters, yesterday posted its third successive decline in annual profits, blaming the impact of the high yen on export sales, Brother's weekly reports from Tokyo.

In the year to the end of November, parent company pre-tax profits fell 10.4 per cent to 17,800m (462.1m) on sales down 1.2 per cent to 1,166.5bn.

The company suffered a 15.7bn exchange loss due to the yen's rise against the dollar.

Brother forecast a further fall in profits this year to 13.5bn pre-tax.

Golden Dumps output declines

BY JIM JONES IN JOHANNESBURG

GOLDEN DUMPS, the small South African mining group, has fared poorly in its strategy of reopening and operating old mines.

In spite of management expectations, the gold recovery grade continued its downward spiral at the Consolidated Modderfontein mine during the December quarter.

The grade fell to 2.07 grams per tonne (g/t) from the September quarter's 2.83 g/t and, although the mine milled more ore, gold production fell yet again to 2.83 g/t.

Mr Roger Daniel, the company's geologist, said in Johannesburg yesterday that the grade decline was due to an increase in the tonnage milled at the

GOLDEN DUMPS QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Dec 87	Sep 87	Dec 87	Sep 87	Dec 87	Sep 87
Cons Modderfontein	604	701	0.22	3.28	(23.3)	(16.1)
S Roodoepoort	370	344	2.82	2.73	(16.8)	4.8

Earnings per share calculated after tax and capital expenditure. Parentheses = negative

low-grade No.7 shaft and to "severe problems" at the recently acquired Springs Dags. The current recovery grade is just above 3 g/t.

South Roodoepoort, the group's other operating gold mine, has increased capital spending on the reopening of the old Langlaagte mine.

Capital spending exceeded mining profits, contradicting estimates made by management last June when Langlaagte was acquired from Mr Loucas Potoulis, the group's chief executive.

Establishment of the new Lefkochrysos platinum mine is on schedule.

Spanish oil refinery in Abu Dhabi agreement

BY TOM BURNS IN MADRID

ABU DHABI'S International Petroleum Investment (Ipic) is to acquire a 10 per cent shareholding in Cepesa, the Spanish oil refiner, and supply its new partner with 80,000 barrels a day of crude, close to a third of its requirements.

Mr Alfonso Escamez, Cepesa's chairman, said the agreement foresees co-operation in the chemical and petrochemical sectors. Ipic and Cepesa have undertaken not to enter into similar agreements with direct competitors and the Abu Dhabi state company is to occupy two seats on Cepesa's board.

The deal ends a long search by the Spanish company for a stable supplier of crude.

Air France earnings to top FF700m

By Paul Betts in Paris

AIR FRANCE expects to report profits for last year of more than FF700m (\$127m), compared with earnings of FF676m in 1986. The airline estimates 1987 turnover will total FF28.6bn.

Passenger traffic increased by 14.6 per cent last year, while freight was up 9.8 per cent. Load factor averaged 69.5 per cent last year.

Concorde flight services between Paris and New York were also profitable.

Air France hopes to open up 15 per cent of its capital to private shareholders this year, to help finance fleet renewals.

Bangkok Bank boosted by expansion of credit

BY PETER UNGHAKORN IN BANGKOK

BANGKOK BANK, Thailand's largest commercial bank, boosted pre-tax profits 70.1 per cent last year to 2,238m baht (\$90.4m), mainly attributed to an expansion of credit to the country's thriving import-export and manufacturing sectors.

Total assets reached 301bn baht, up 12.3 per cent. Deposits were up 11 per cent at 221.63bn baht.

Bangkok Bank's growth rate was generally slower than the Thai banking system as a whole. Its market share for loans and deposits declined

Bangkok Bank boosted by expansion of credit

slightly but were still high at 28.7 and 24.5 per cent respectively.

Executives said they were unconcerned about the slower growth rate because they aimed for quality assets and to avoid doubtful debts, a problem that has plagued a number of weaker Thai banks.

The bank said yesterday that lending to the import-export trade increased to 32.5 per cent. It also exceeded a central bank requirement for at least 20 per cent of deposits to be lent to the rural sector.

U.S. \$30,000,000

ZENTRALSPARKASSE UND KOMMERZIALBANK-WIEN
 Floating Rate Subordinated Notes Due 1991

Interest Rate 7 1/8% per annum
 Interest Period 15th January 1988 to 15th July 1988
 Interest Amount per U.S. \$5,000 Note due 15th July 1988 U.S. \$197.48

Credit Suisse First Boston Limited
 Agent Bank

Wells Fargo & Company
U.S. \$100,000,000
 Floating Rate Subordinated Notes due July 1997

In accordance with the provisions of the Notes, notice is hereby given that the interest period 15th January, 1988 to 15th April, 1988 the Notes will carry an interest rate of 7 3/4% per annum.

Interest payable on the relevant interest payment date 15th April, 1988 will amount to US\$192.74 per US\$100,000 Note and US\$963.72 per US\$1,000,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Spanish oil refinery in Abu Dhabi agreement
 BY TOM BURNS IN MADRID

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This announcement appears as a matter of record only.

NEW ISSUE January 12, 1988

\$149,354,727

Volvo 1987-B Lease Finance Corporation
 8.90% Asset Backed Obligations
 Due December 15, 1992

Volvo Finance North America, Inc.
 Servicer

The undersigned initiated this transaction and acted as agent and as principal in the direct placement of the securities with institutional investors.

The First Boston Corporation

U.S. \$125,000,000
Alaska Housing Finance Corporation
 Floating Rate Notes Due July 2001

Notice is hereby given that the Rate of Interest has been fixed at 7.625% p.a. and that the interest payable for the current interest period January 15, 1988 to July 15, 1988 on the relevant interest Payment Date July 15, 1988 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$387.36

January 15, 1988, London
 By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

US\$200,000,000 Guaranteed Floating Rate Notes
 Repayable at the Office of the Holder of par Commencing October 1992

Citicorp Overseas Finance Corporation N.V.
 (Incorporated with limited liability in the Netherlands Antilles)
 Unconditionally guaranteed by **CITICORP**

Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant interest Payment Date, April 15, 1988 against Coupon No. 32 in respect of US\$10,000 nominal of the Notes will be US\$183.26.

January 15, 1988, London
 By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

U.S. \$600,000,000

Banque Nationale de Paris
 Partly Paid Registered Floating Rate Notes Due 1995

Interest Rate 7.6125% p.a.
 Aggregate Rate 1.310417% p.a.
 Interest Period 15th January 1988 to 18th July 1988
 Interest Amount per U.S. \$250,000 Note due 18th July 1988 U.S. \$10,101.13

Credit Suisse First Boston Limited
 Agent Bank

Nationwide Anglia Building Society

£100,000,000
 Floating Rate Notes Due January 1998
 (Issued by Anglia Building Society)

Notice is hereby given that the Notes will bear interest at 9 1/4% per annum for the interest period 14 January, 1988 to 14 April, 1988.

Interest payable on the relevant interest payment date, 14 April, 1988 will amount to £113.44 per £5,000 Note and £5,671.96 per £250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

BANCO DE LA NACION ARGENTINA
 LONDON BRANCH

We wish to advise our customers, correspondents and colleagues that we will be moving to the following address on 18th January, 1988, and we look forward to continuing our business relationship from our new premises situated at:

Longbow House Telephone (01) 588-2738
 14-20 Chiswell Street Telex 883950
 London EC1Y 4TD Fax (01) 588-4034

ELECTRICITY

The Financial Times proposes to publish the above survey on 25 January 1988. Topics proposed for discussion include:

- * National Grid
- * Acid Rain Prevention
- * Alternative Energy Sources
- * Privatisation
- * Power Plant Makers
- * Nuclear Options
- * Coal Trading

For full information on advertising and an editorial synopsis please contact:
 Penny Scott, Financial Times, Bracknell House,
 10 Cannon Street, London, EC4P 4BY
 Tel: 01-248 8000 Ext 3389
 Telex: 883033 Fintim G

FINANCIAL TIMES
 EUROPE'S BUSINESS NEWSPAPER

SIDOR

C.V.G. Siderurgica del Orinoco C.A. (Sidor)
 (Incorporated with limited liability in the Republic of Venezuela)
U.S. \$50,000,000
FLOATING RATE NOTES DUE 1984-1988

In accordance with the terms and conditions of the Notes, and the provisions of the Agent Bank Agreement between C.V.G. Siderurgica del Orinoco C.A. (Sidor) and Citibank, N.A., dated July 7, 1980, notice is hereby given that the Rate of Interest has been fixed at 7.9375% p.a. and that the interest payable on the relevant interest Payment Date, July 15, 1988, against Coupon No. 16 in respect of U.S.\$2,000 nominal amount of the Notes will be U.S.\$80.26.

January 15, 1988, London
 By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

U.S. \$100,000,000
Guaranteed Floating Rate Notes due 1993
 of **SANWA INTERNATIONAL FINANCE LIMITED**
 Guaranteed as to payment of Principal and Interest by **THE SANWA BANK, LIMITED**

Notice is hereby given that the Rate of Interest has been fixed at 7.61563% p.a. and that the interest payable on the relevant interest Payment Date, July 14, 1988, against Coupon No. 1 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$3,850.12.

January 15, 1988, London
 By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

Notice
U.S. \$75,000,000
IC Industries Finance Corporation
Guaranteed Floating Rate Notes due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from January 15, 1988 to July 15, 1988 the Notes will carry an interest rate of 7 1/8% per annum. The interest payable on the relevant interest payment date July 15, 1988 against Coupon No. 18 will be U.S. \$40.13.

By: The Chase Manhattan Bank, National Association, New York Fical Agent **CHASE**

January 15, 1988

U.S. \$75,000,000
The Bank of New York Overseas Finance N.V.
 (Incorporated with limited liability in the Netherlands Antilles)
Guaranteed Floating Rate Subordinated Notes due January 1995
 Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by **The Bank of New York Company, Inc.**
 (Incorporated in New York, USA)

Notice is hereby given that the Rate of Interest has been fixed at 7.4375% p.a. and that the interest payable on the relevant interest Payment Date, April 15, 1988, against Coupon No. 17 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$188.00.

January 15, 1988, London
 By: Citibank, N.A. (CSSI Dept.), Reference Agent **CITIBANK**

UK COMPANY NEWS

Parkfield leaps 58% to £4.6m

BY PHILIP COGGAN

Parkfield Group, the acquisition and distribution group, yesterday announced a doubled interim dividend for the second successive year, on the back of a 58 per cent jump in pre-tax profits.

Pre-tax profits for the half-year to October 31 increased to £4.63m, from an adjusted £2.94m, on turnover up 51 per cent to £84.5m (£56.1m). The interim dividend is set at 2p (1p).

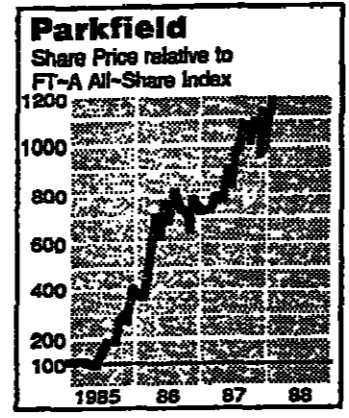
The bulk of Parkfield's distribution profits come in the second half and Mr Roger Felber, chairman, said that the signs were very encouraging. The company had acquired the exclusive UK distribution rights to RCA's compact disc titles which would retail at the competitive price of £6.99. It would also shily announce an extensive UK contract to distribute a range of video titles.

The manufacturing side, which provides the bulk of first half profits, although forming less than a third of turnover, also had encouraging news. A £10m contract was awarded to the foundry subsidiary to supply cast iron linings for the Channel Tunnel.

During the period, Parkfield also acquired Eurocast International, allowing the company to move into the aluminium wheel business. This was followed by the award of several large long term contracts to supply wheels to Europe.

In an eventful first half, Parkfield also acquired Burgess Heating Merchants, Hollywood Nites and Cineplex Home Entertainment, made a one-for-four rights issue for £29m and moved from the USM to the main market.

After tax of £1.62m (£1.03m), earnings per share



rose 31 per cent to 7.77p from an adjusted 5.92p.

comment
The relentless march of Park-

field under Roger Felber continues. The strategy of making a multitude of small acquisitions, sometimes in unfashionable industries, has been successful so far, and Mr Felber has taken some tough decisions to sort out trouble spots. He replaced the entire workforce at one subsidiary following an industrial dispute. Now that Parkfield is on a new market, it can start to attract the same attention as other mini-conglomerates like F H Tomkins and Williams Holdings. At 532p, the shares, assisting profits push the pre-tax figure to £14.5m-£15m for the full year, are on a prospective p/e of 13.5. That is comparable with the ratings of some of the other, better-known mini-conglomerates and following the rights issue, Parkfield has plenty of cash to fund its acquisition policy.

J H Fenner moves ahead in first quarter

By Jean Marshall

The performance of J.H. Fenner (Holdings) in the first quarter was considerably ahead of the comparable period last year, Mr Peter Barker, chairman, told the annual meeting yesterday.

He said that the most difficult part of the restructuring phase was over and the Hull-based power transmission and conveyor belt maker could look forward to continued progress.

The power transmission division was continuing to improve, the chairman said, and the development programme in Europe was proceeding.

One small French acquisition had been made and Fenner was in the final stages of negotiations to purchase a leading power transmission company in the Benelux countries. Last night the company could not disclose further details of this.

Mr Barker reiterated the view that the directors expected to more than double European business over the next two to three years.

The US companies were developing well, and despite the weak dollar, aggregate earnings in sterling terms were still expected to improve in the current year.

Order books generally were being maintained at satisfactory levels.

Pizza Hut moves into Turkey

BY CLAY HARRIS

Polly Peck International, the UK-based trading company, is to open the first Pizza Hut restaurant in Turkey later this year under a franchise agreement announced yesterday with PepsiCo, the US soft drinks and snack foods group.

Under an exclusive 10-year operating agreement, Polly Peck will open the first two restaurants in Istanbul, to be followed by outlets in cities such as Ankara, Izmir and Adana.

Mr Tony Reading, group managing director, said the Turkish

restaurants would offer similar fare to that offered in Pizza Huts elsewhere in Europe, with only minor variations for local tastes.

The deal will add to Polly Peck's extensive food packing and distribution and electronics manufacturing operations in Turkey and northern Cyprus. These accounted for half of group turnover and nearly 60 per cent of attributable profit in 1986-87.

At the annual meeting Mr Asil Nadir, chairman, said that

while he acknowledged the need for caution in the prevailing financial climate, he remained highly optimistic about the future growth.

All its major markets had performed strongly in the first few months of the current financial year. The group's operating divisions and spread of activities had been strengthened and further progress made towards establishing Polly Peck as a major worldwide diversified manufacturing and marketing group.

Northern Telecom agrees STC stake

BY TERRY DOOSWORTH, INDUSTRIAL EDITOR

Northern Telecom, the Canadian telecommunications group, has reached agreement with STC of the UK under which it will be able to maintain its present 27.5 per cent stake in the British company for almost three years.

The new accord changes an understanding arrived at by the two equipment manufacturers last October. As part of the deal under which Northern bought into STC, it agreed to cut its holding to 24 per cent by October of this year and not to buy any more shares in the British group.

The main impetus behind the original understanding came from Fujitsu, the Japanese com-

puter company which supplies key components to ICL, the STC computer manufacturing subsidiary. Fujitsu did not want any individual shareholder to be in a position to exercise significant control, and is said to have been concerned that with more than 25 per cent of the STC shares, Northern would be able to block special resolutions.

Neither Northern nor STC would comment yesterday on Fujitsu's attitude to the change in the deal. But by revising the agreement with STC, Northern will now be able to avoid a write down on its STC shares, which have fallen considerably in value since the acquisition.

Northern bought the stake at an average price of about 333p a share, approximately 100p more than the current market price of STC shares.

Waverley Cameron plumps for Gulliver

By Clay Harris

Waverley Cameron, the Scottish stationary manufacturer, yesterday pressed ahead with its plan for a management buy-in by Mr James Gulliver, chairman of Argyl Group, and rejected rival proposals from Mr Kevin Doyle.

Flaxwell Communication, Mr Doyle's private investment company which owns 30.4 per cent of Waverley, would like to confirm that it would vote against the issue of shares to Sanda Investments, jointly owned by Mr Gulliver and Noble Grosart, Waverley's merchant bank.

Waverley said it had taken into account not only the relative financial and other merits of the proposals and the likely effects on its share price, but also "the suitability of Mr Doyle as a potential controlling shareholder."

Weather hits shoe sales but Stead & Simpson 14% higher

BY ALICE RAWSTHORN

Stead & Simpson, which has interests in shoe retailing and motor dealing, yesterday announced an increase in pre-tax profits of 14 per cent to £2.5m in the first half of the year on turnover which rose by 10 per cent to £38.5m.

Last autumn a substantial tranche - 20 per cent - of Stead's voting shares were sold to Toner International, which is headed by Sir Ron Brierley, the New Zealand businessman. Mr Frank Chamberlain, chairman, said that Sir Ron had indicated that he regards his holding as an investment.

The rest of the voting shares are owned by the two founding families.

In the six months to September 30 1987 earnings per share rose to 3.2p (2.7p). The board proposed an interim dividend of 1.4p (1.2p).

Like the rest of the shoe retailing sector, Stead's trading suffered from the inclement summer weather. Nevertheless, turnover from its chain of 261 shoe shops rose to £22.5m

(£20.5m) in the first half and trading profits increased to £2.5m (£2.2m).

The company made profits of £2m (£588,000) from property sales. These profits were not included in the pre-tax figure. Mr Chamberlain said that it expected to make a similar amount from property in the second half.

The motor trading business - which includes franchises for Mercedes-Benz, Peugeot/Talbot and Audi/Volkswagen - made profits of £590,000 (£590,000) on sales of £16.5m (£14.4m).

Stead recently bought a small computer services company which it intends to develop into a systems business specialising in the retail sector. This venture incurred a loss of £41,000 on sales of £264,000 in the interim period. It is expected to move into profit next year.

Mr Chamberlain said that the business is faring well so far in the second half. But he noted that footwear sales have performed poorly so far this month following healthy sales growth

in the closing months of 1987.

comment
Stead & Simpson is an odd animal. In the past three years a hefty chunk of its equity has passed to and from some of the stock market's more predatory players. Sir Ron's Toner is only the latest in a list which includes Ward White and Hanson Trust. Yet a takeover is out of the question for as long as the founding families retain their controlling holding. This, combined with the pedestrian performance of the shoe shops, has tended to cast the company in a pessimistic light. But the same solid qualities - and the equally solid assets - which made Stead seem so unexciting in a bull market are a distinct advantage in the current climate. The shares, on a prospective p/e of 15 and projected profits of £6.4m, have recovered sharply since the crash. As for Sir Ron, his attention is almost certainly elsewhere.

CAP
The Systems Company

Strong Growth Sustained

Interim Results (Unaudited)	9 months ended		12 months ended	
	31 October 1987	31 October 1986	30 April 1987	30 April 1986
Turnover	50,581	33,770	78,785	50,000
Profit on Ordinary Activities before Taxation	3,367	2,142	5,825	2,000
Taxation on profit on ordinary activities	1,279	868	2,189	1,000
Profit on Ordinary Activities after Taxation	2,088	1,274	3,636	1,000
Dividends proposed	287	222	666	200
Retained Profit for the Period	1,801	1,052	2,970	800
Earnings per Ordinary share	5.4p	3.9p	10.4p	5.0p

Dividend
An interim dividend of 0.72 pence per share will be paid on 29 February 1988 to shareholders on the Register on 4 February 1988.

Mr B. J. Gibbens, Chairman, reports:
The results, which are in line with our expectations, include contributions from Baddley Associates Limited and Data Networks PLC, which were acquired during the period. The flow of orders has continued satisfactorily, with major contracts being won in all our business groups.

The prospects for our business are good across all our selected markets.

CAP Group plc
22 Long Acre, London WC2E 9LX Telephone: 01-379 4711
A copy of the full Interim Report being sent to shareholders can be obtained from the Company Secretary.

UNION DE BANQUES ARABES ET FINANCIERES - U.B.A.F.
U.S.\$65,000,000 Floating Rate Notes 1988-1990

In accordance with the conditions of the Notes, notice is hereby given that for the six-month period 15th January 1988 to 15th July 1988 (185 days) the Notes will carry an interest rate of 7 7/8% p.a.

Relevant interest payments will be made as follows:
Notes of \$1,000 U.S.\$40.15
CREDIT LYONNAIS, Luxembourg
Fiscal Agent

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK
\$50,000,000 Guaranteed Floating Rate Notes Due 1994
Series 91
Unconditionally guaranteed by THE KINGDOM OF DENMARK

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from the 15th January 1988 to 15th April 1988, the Notes will carry a rate of interest of 9 1/8% per annum. The relevant Interest Payment Date will be 15th April 1988. The Coupon Amount per \$5,000 will be \$114.59 payable against Surrender of Coupon No. 17.

Responsible Bank Limited
Agent Bank

Ross Electronics up but warns on current trading

BY PHILIP COGGAN

THE DIRECTORS of Ross Consumer Electronics said yesterday that trading conditions were currently less buoyant than anticipated following the stock market collapse.

However, they remained confident that the company would continue to grow at a rate significantly faster than the corporate average. Sizeable expansion in exports was being looked for, not least through

the launch of existing products to new overseas markets.

Ross, which came to the USM last summer, raised its pre-tax profits from £138,000 to £176,000 in the six months to September 30 1987. Turnover totalled £1.92m (£1.75m). Earnings per 10p share emerged at 3.1p (2.5p) after tax of £64,000 (£41,000). A maiden interim dividend of 1.2p is being paid.

Barbour Index profits up

BY PHILIP COGGAN

Barbour Index, a provider of specialist information services to the construction and health safety markets, raised its profits from £1.56m to £1.91m pre-tax for the half year to October 31 1987.

The company traditionally earns the bulk of its profits over the opening six months. Currently, all of its existing services are selling well and are on budget.

Although development costs of new microfiles and computerisation will have an impact on second half profits the direc-

tors said they were confident of a successful full year outcome.

First half turnover totalled £3.93m (£3.21m). Tax accounted for £716,000 (£588,000) leaving an available balance of £1.19m (£814,000) including pre-acquisition profits of £162,000.

From earnings of 14.6p (11.6p) per 25p share an interim dividend of 2p is being paid - 1.5p would have been declared last time had the company's shares been listed for a full year.

TGI to raise £8.5m with market placing

BY PHILIP COGGAN

TGI, which manufactures loudspeakers including the world-famous Tannoy range, is raising around £8.5m via a placing on the main market.

The group was formed by the combination of three separate speaker companies - Goodmans, which was jointly owned by Thorn and Plessey, and a management buy-out in 1984; Tannoy, which was founded in the 1920s and which was also the subject of a management buy-out from Beatrice Food, in 1981; and Mordaunt-Short, a specialist loudspeaker manufacturer.

Combined, the two companies account for around 40 per cent of TGI's turnover.

Pre-tax profits have grown from £471,000 in the year to March 31 1985 to £1.33m last year, and TGI is forecasting £2.5m for the year to March 31 1988. Had the shares been listed on the Stock Exchange for the full financial year, the directors would have expected to recommend a dividend of 4.75p to a gross yield of 6 per cent.

Albert E Sharp is placing 6.54m shares, 39.3 per cent of the equity, at 130p each, giving the company a market capitalisation of £21.6m and putting the shares on a prospective p/e of just over 10. The bulk of the shares being placed are new and will be used to finance extra working capital and to pay off loans and redeem the preference shares.

TEESSIDE

The Financial Times proposes to publish a Survey on the above on **WEDNESDAY 24TH FEBRUARY 1988**

For a full editorial synopsis and details of available advertisement positions, please contact:
HUGH WESTMACOTT
on 0532-454969
or write to him at:
Permanent House, The Headrow, Leeds, LS1 8DF.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Astra Holdings - Int	0.35	-	-	-	0.35
Barbour Index - Int	2	Apr 6	0.6	-	1.8
CAP Group - Int	0.72	-	1.75	-	4.9
Courts (Furnish) - Int	2	Apr 8	1.75	-	3.65
Howden Group - Int	1.28	Mar 1	1.78	-	5
Jones, Sproule - Int	2	-	-	-	-
Neotronics Tech - Int	1.2	-	-	-	-
Parkfield - Int	27	-	1	-	3
RCO Holdings - Int	44	-	-	-	6
Ross Consumer - Int	1.2	-	1.2	-	3.9
Stead & Simpson - Int	1.4	-	0.5	-	1
Symonds Eng - Int	0.5	Feb 29	0.5	-	-
West Inds - Int	0.25	Mar 30	0.25	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡USM stock. Unquoted stock. Third market. †Gross throughout.

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WITHERS AND CROSSMAN BLOCK & KEITH ARE PLEASED TO ANNOUNCE THAT THE TWO FIRMS HAVE MERGED WITH EFFECT FROM 1ST JANUARY 1988, AND WILL HENCEFORTH PRACTISE UNDER THE NAME OF

WITHERS CROSSMAN BLOCK & KEITH

Howden stages recovery to £3.6m at half-way

By Fiona Thompson

Howden Group, Glasgow-based engineer which reported a £1.28m attributable loss for its last financial year, has reported a sharp recovery at the interim stage. The company yesterday unveiled pre-tax profits of £3.6m for the six months to October 31, 1987, up from £1.51m for the same period in 1986.

These figures are marginally better than had been expected and Howden appears to have put the problems of last year behind it, but it is perhaps too early to be categorical. The company has undergone a lot of change in the past year, not least three different chairmen. The interest change in the second half will be somewhat higher, by the company's own admission, and gearing will not fall much below the present 50 per cent. On the bright side, the compressors business is much tighter now, the US park looks like being fully operational by the start of the California wind season in April, and the order book is strong. The shares closed 3p up yesterday at 89p. Assuming pre-tax profits for this year of about £10m, that puts them on a prospective p/e of 9, fair value.

£590,000 last time. Earnings per share rose to 3.3p from 1.2p. An unchanged interim dividend of 1.28p has been declared.

comment

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Davidson Pearce plays down effect of lost accounts

By David Waller

Davidson Pearce advertising and marketing services group, acted yesterday to reassure investors that it did not suffer unduly from the loss of certain key accounts last year. It also announced details of its first acquisition since Mr Daniel Hodson, formerly United Finance director, was appointed chief executive in early October.

Davidson said turnover for 1987 would be within 3 per cent of the record £76m achieved the previous year, despite the loss of the British Gas, Dunhill and TWA accounts, and he forecast that profits before tax and exceptional items would be £3.4m, compared to £3.99m in 1986. The financial effect of the account losses has been considerably less than reported in the press, a statement said. "Costs have been well controlled and operating economies achieved."

Net exceptional income of £600,000 will arise after the disposal of a property in Thames at a profit and redundancy payments of £150,000, arising from the loss of the TWA account. Davidson is buying Product Plus, which specialises in sourcing products for marketing campaigns which involve promotional gifts and incentives. The initial consideration will be £5m in cash and loan stock with a further maximum consideration of £4.5m in loan stock. In the year to July 1987, Product Plus made pre-tax profits of £646,000 on turnover of £5.64m, and at the year end its net assets were £532,000. The total amount to be paid is tied to profits earned up to 1991. Davidson's shares added 7p to 108p.

Midlands developers buy Dominion stake

By Clay Harris

THE RICHARDSON brothers, West Midlands property developers and investors, have bought 5.6 per cent of Dominion International, the property, natural resources and financial services group. Dominion shares added 8p to 51p and Mr M. Lewinson, chairman, said he would be seeking talks with the Richardsons about their intentions. Mr Roy Richardson said the purchase by Dudley, a private company co-owned by his twin brother, is a strategic investment in a company we think is moving in the right direction. He cited in particular the recent appointment of Lord Barnett, former chief secretary to the Treasury, as deputy chairman of the company and "introduction of further new blood to the main board."

Dudley was the Richardsons' vehicle in the successful offer last January for Burns Anderson, a company which subsequently shed its engineering activities and motor dealerships to concentrate on financial services. The Richardsons reduced their stake to 29 per cent last July. They also have a large stake in Regentrest, a listed property and investment company. Dominion, meanwhile, is involved in continuing discussions with more than one potential buyer for its 59 per cent stake in Southwest Resources, the USM-quoted energy group. It announced the disposal plan the week before the October crash.

RCO Hldgs rises and expects further growth

RCO Holdings, the cleaning and related services company which came to the main market last February, announced pre-tax profits for the year ending October 31, 1987 of £1.25m, up from £1.1m in 1986. Turnover improved by 21 per cent to £17.19m (£14.4m) and Mr R D Eastham, the chairman, was confident that there would be further turnover and profit for the current year. He said the company was far stronger than at any time previously.

A final dividend of 4p gross is being recommended, making 6p gross for the year. Net earnings rose from 8.22p to 8.75p per 10p share. Net assets improved from 23.36p to 27.32p. All sections of the company's business had expanded during the year, the major increase being in health care where RCO now operated 16 contracts. The three catering support contracts with the Ministry of Defence had started and were going well, the chairman said, adding that the company had been awarded a further five contracts. The directors looked forward to additional expansion opportunities arising from the proposed legislation on competitive tendering in local authority activities.

NatWest offshoot lifts profits 20%

Credit Factoring International, an subsidiary of the NatWest Bank group, reported a 20 per cent increase in pre-tax profits to £4.3m in the year ending September 30. Business turnover was up 23 per cent to £1.75m. Mr Michael Maberty, managing director, attributed the rise to receipt of amounts of new business and growth was continuing.

McMullen improves

McMullen & Sons, brewer, wine and spirits merchant and soft drinks manufacturer, increased turnover in the year to end-September 1987 from £25.87m to £27.9m. Group trading profit was £3.4m against £3.25m and tax paid amounted to £1.26m (£1.3m).

Bridport Gundry warns

Bridport-Gundry, the manufacturer of netting and woven products, expects a difficult year in its defence-related business. At yesterday's AGM, chairman Mr Robert Holder said a shortage of orders for camouflage netting and a delay in the awarding of major contracts abroad might reduce profit in this area. He said the reduction in the fishing industry this year, the re-organisation at its rope-making subsidiary Hall's Barton and the lack of defence business in the US in the first half might increase rather than reduce last year's imbalance between the first and second halves. The company's shares closed 17p down last night at 186p.

Rowe Evans stake in Lendu

Following the announcement earlier this week that Chillington Corporation, overseas trading, plantation and engineering group, has increased its stake in Lendu, rubber production and investment group, from 19.84 to 20.47 per cent, Rowe Evans Investments remains interested in 35.42 per cent.

Freemans forecast is dismal says Sears

By Nikki Tait

Sears, the stores, jewellery and betting group which is making a £477m hostile cash bid for mail order company, Freemans, yesterday sent a further letter to shareholders, describing its target's future forecast as "dismal". Earlier in the week, Freemans said that it expected profits before tax in the 52 weeks to January 30 to be in the region of £30.2m, on sales of £566m. This compares with £22.4m on sales of £458m in the previous 52-week period. In its letter, the bidder argues that "Freemans' profit forecast points to poor management" and that the difficulties during the year have been caused by management errors and misjudgments rather than external factors. Freemans has argued that it suffered three clearly definable disruptions in demand. Sears also sharply criticises Freemans' decision to recom-

mend a final dividend 40 per cent higher than in the previous year, describing this as "an act of desperation". The bidder repeats its argument that its own retailing skills and brands could help Freemans' future development in the face of increasing competition. Freemans, however, described the document as "vitriolic attack on a management team with a proven record of success". "The attacks by Sears do not square with the keenness with which it has tried to acquire Freemans. Sears would have to earn about £47m before tax from Freemans in a full year just to cover the interest bill on the acquisition cost," shareholders, suggests the mail order business, should ask how Sears expects to do this without any management experience in mail order.

Glentree in property acquisition

By Philip Coggan

Glentree, the north London estate agent which was one of the fastest-rising "peppy stocks" before Black Monday, has announced its first major deal since Mr David Thompson, the co-founder of Hillsdown Holdings, bought into the company last July.

Glentree is acquiring Spencer, a group of property development and project management companies run by Mr Ramon Green and Mr Terry Norman, for £1.7m in cash and 3m shares. Based on yesterday's closing share price of 69p, that puts a total value on the deal of around £3.6m.

The Spencer group, which made profits of £711,000 in the year to March 31, 1987 is wanting that profit for the year to end-September 1987 to be at least £800,000. Any shortfall, up to a maximum of £2.85m, will be repaid. Glentree is changing its year end to March 31, to match Spencer's, and accordingly, its next results will be second interim figures for the 12 months to November 30.

Halfway rise for Symonds Engineering

Symonds Engineering increased pre-tax profits by 9 per cent in the half-year to end-September 1987, from £75,658 to £82,653, on sales of £2,077m against £2,020m. Earnings per share rose to 0.58p (0.48p). The interim dividend is maintained at 0.3p.

The directors said the order book remained firm and, following the trend of previous years, profitability was expected to rise in the second half resulting in a satisfactory year.

Feb International

Although Feb International lost £71,000 in 1986, the last audited results available at the time of its takeover by Tarmac, the description of Feb as "loss-making" in yesterday's edition was incorrect. Final figures for 1986 were never published, but Feb directors estimated pre-tax profits of at least £650,000.

BRITISH AEROSPACE: On January 4 1988 a total of 20.5m ordinary shares (12.05 per cent) were foreign held.

Mecca Leisure rights issue success

By Nikki Tait

A £30.7m rights issue by Mecca Leisure - one of the few to emerge in the wake of Black Monday - has been a success. The company announced yesterday that valid acceptances had been received in respect of 97.9 per cent of the rights shares by the time the offer closed on Wednesday afternoon. The remaining shares were sold in the market yesterday at a premium to the 140p rights price.

Mecca Leisure rights issue success

The cash-raising is designed to fund part of the cost of acquiring two businesses - Acety's and Holidays - from Ladbroke for £55.1m. The rights price was set at a 22 per cent discount to the rating Mecca price in the acquisition announcement in early December, and the issue was underwritten by Samuel Montagu. The shares fell 19p to 160p on news of the deal, but had recovered to 170p by last Wednesday. Yesterday, they added a further 1p.

Halfway rise for Symonds Engineering

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TGI plc (Incorporated in England under the Companies Acts 1948 to 1981 Number 1794387) placing by Albert E. Sharp & Co. of 6,538,460 Ordinary shares of 1p each at 130p per share. SHARE CAPITAL: Authorised £200,000, £300,000, £300,000, £800,000. Issued and to be issued fully paid £186,346, £300,000, £300,000, £766,346.

IN BRIEF

DEBOR HOLDINGS has, subject to shareholders' approval, changed its name to Sherwood Group, echoing the group's origins in the Nottingham area. The acquisition of the Textile Finishing Group (Nottingham), announced on November 18 1987, was completed on January 13 for a total consideration of £910,000. A CAIRD & Sons is to acquire Clwyd Waste Disposal for £1.5m in cash, subject to shareholders' approval. Clwyd Waste's pre-tax profits amounted to £186,300 on turnover of £1.47m for the year ending last September. HOGG ROBINSON has conditionally acquired the issued share capital of Minister Executive for about £600,000 cash and 236,843 new Hogg Robinson ordinary shares. KUWAIT INVESTMENT Office, London investment arm of the Kuwaiti Ministry of Finance, has reduced its stake in the New Tokyo Investment Trust to 7.55m ordinary shares, or 17.78 per cent, from 21.19 per cent.

Mining companies managed by Golden Dumps (PROPRIETARY) LIMITED (Reg. No. 710891307) Reports of the directors for the period ended 31 December 1987. SOUTH ROODEPOORT MAIN REEF AREAS LIMITED (Reg. No. 05061400) (Incorporated in the Republic of South Africa) Issued share capital: R9 775 027. Divided into: 10 000 000 ordinary shares of 56 cents each and 7 454 546 "S" ordinary shares of 56 cents each. CONSOLIDATED MODDERFONTEIN MINES LIMITED (Reg. No. 010323300) (Incorporated in the Republic of South Africa) Issued share capital: R1 737 807. Divided into: 21 400 000 ordinary shares of 5 cents each and 13 312 131 "S" ordinary shares of 5 cents each.

UK COMPANY NEWS

FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE PACIFIC BASIN The Pacific Basin, civil aviation's fastest growing air transport arena, is the subject of the Financial Times conference to be held in Singapore on 25 and 26 January 1988.

THE FT CITY SEMINAR The Financial Times City Seminars have been very successful and 11, 12 & 15 February 1988 are the dates for the sixth briefing on the changing structure of the City of London.

CABLE TELEVISION AND SATELLITE BROADCASTING The Financial Times sixth conference on Cable Television and Satellite Broadcasting, to be held in London on 17 and 18 February, brings together speakers from the main European Markets to review the future of the new media at a critical turning point in their development.

All enquiries should be addressed to: The Financial Times Conference Organisation, 2nd Floor, 126 Jermyn Street, London SW1Y 4JL. Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125

NOTICE OF REDEMPTION To the Holders of United Mexican States 10% External Bonds due February 15, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1976 made between United Mexican States and Chemical Bank New York Trust Company, as Authenticating Agent, Manufacturers Hanover Trust Company, as Registrar, The Chase Manhattan Bank, N.A., as Fiscal Agent, \$2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amount thereof and accrued interest to the redemption date.

Fully Registered Bonds or portions thereof bearing the following numbers with the Prefix Letters as indicated:

Table with columns: Numbers, Amount, Prefix Letters. Lists bond numbers like RU 1034... \$1,000, RU 1035... \$1,000, etc.

Interest on the Bonds or portions thereof to be so redeemed will cease to accrue on February 15, 1988. All of the aforesaid Bonds or portions thereof to be so redeemed should be surrendered for payment at the offices of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York 10015, or at the principal offices of the Fiscal Agent in London, England, Paris, France, Milan, Italy, Frankfurt, Germany, Zurich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached.

Dated: January 15, 1988

United Mexican States By: MANUFACTURERS HANOVER TRUST COMPANY, Registrar

Confident CAP hits £3.4m at mid-term

BY DAVID WALLER

CAP Group, software house and naval engineering consultant, yesterday announced a 57 per cent rise in pre-tax profits to £3.37m for the six months to end-October.

Although the figures did not exceed City expectations, CAP's shares moved up strongly after a confident statement from Mr Barney Gibbons, chairman.

He said that prospects for the company were good across all its selected markets - which include defence and the financial services sector - despite the stock market crash.

It was disclosed that CAP, in conjunction with its partners Dowty Group, had won a preliminary contract to develop a command and control system for the Royal Navy's Type 23 frigate. Although worth only £2.1m this year, it could lead to a £100m contract.

First half turnover rose by almost 50 per cent to £50.58m (£33.77m). The interim dividend was raised by 20 per cent to 7.2p (6p). After tax of £1.28m (£868,000), earnings per share worked out at 5.4p (3.9p).

Neotronics on target with surge to £2.7m

Neotronics Technology, gas detection equipment maker, more than doubled pre-tax profit from £1.21m to £2.66m in the year to September 30 1987, meeting its forecast of £2.6m. Turnover rose from £7.5m to £10.33m.

A dividend of 1.2p is recommended. Earnings per 5p share rose from 3.46p to 7.73p.

There were extraordinary items resulting in a debit of £422,000 (nil), of which £422,000 was a provision for costs in respect of legal proceedings and the remainder of £465,000 (£502,000) and minorities £35,000 (nil) leaving attributable profit of £803,000 (£712,000).

comment CAP is one of a number of highly rated software companies - including Logica and Easysys - whose shares fell even further out of bed than the market in the aftermath of Maelstrom Monday. CAP's shares underperformed by 20 per cent in the two months after October 19, and enjoyed a form of renaissance only in the month preceding yesterday's figures, when they mustered a 16 per cent advance on the market. Investors' disillusion with CAP perhaps stemmed from the fact that a fifth of its turnover, and a quarter of its pre-tax profits, derive from the financial services sector - but the chairman's confident statement yesterday dispelled fears that the company was suffering from any severe contraction in that area of its business. Indeed, it ought not to be a main customer of retail banks involved with EFTPOS and dealing systems account for only a minute part of turnover. CAP ought to make £5.5m in the second half, as compared to a prospective p/e of over 16. Given that the company's non-financial activities are growing as rapidly as ever, that under 2 per cent of sales are dollar denominated and that it has \$5m cash, this seems deserved, but in volatile markets a high rating alone can be used as an excuse to sell.

Courts up 48% to £3.7m at halfway

TAXABLE PROFITS OF Courts (Furnishers), International, a retail group, expanded by 48 per cent to £3.7m on turnover up 14 per cent to £52.65m in the six months to September 28 1987.

The outcome was achieved despite a sharply increased transfer to deferred profits of £912,000 (£181,000) which arose mainly following significant sales in France and Mauritius.

Further transfers are anticipated during the second half and this would affect the results for the year, the directors said.

However, Courts also made some release of deferred profits in the UK and in Fiji, the latter owing to reduced sales in the wake of the coup in May last year.

The directors said that the strength of sterling had had a significant effect on trading sales from local currencies.

Using the same rates of exchange that prevailed in the first half of the previous year would have lifted sales by over £5m and pre-tax profits by £314,000.

Courts made profits from property disposals of £584,000 (£8,000) and the directors stated that such profits would also be available in the second half, although possibly below those of last year in the year to end-March 1987.

Interest charges for the period under review declined slightly, from £1.04m to £965,000, due to lower UK rates which more than offset increased borrowings, and the elimination of bank borrowings in America.

Future borrowings would increase due to the continued expansion of the group's Mammoth Superstores chain in the UK.

After a tax of £1.3m (£1,000) the £3.7m (£175,000) (£164,000), earnings per share came out at 11.7p against 6.7p last time. The interim dividend is set at 5p (3.7p).

APPOINTMENTS

Ferranti subsidiary posts

FERRANTI has appointed Mr D.E. Stone general manager of the company's offshore industries division. Formerly managing director of Ferranti ORE in Great Yarmouth, he succeeds Mr H. Hester Gordon who has resigned to pursue other interests. Mr William Brookhalsen has been appointed managing director of Ferranti Computer Systems. He was deputy managing director.

CLARK WHITEHILL ASSOCIATES has appointed Mr Charles Sutcliffe deputy technical director.

WRIGHT AIR CONDITIONING has appointed the following to the main group board: Mr Eddy Dalton has become chairman of the five regional sales and contract installation companies and Mr Allan Hayward managing director of Wright Air Conditioning (Products), the group manufacturing company. Mr Dalton was managing director of Wright Air Conditioning (London) and Mr Hayward was appointed managing director of the manufacturing company in December 1986. Mr John Colling, who joined Wright Air Conditioning (London) in May 1987 as technical director, has become managing director of the Orpington-based regional company.

Mr Clive Gilchrist has joined the board of MEROX, a NAVAL INVESTMENT MANAGEMENT.

HEATSAVE has made the following appointments: Mr Peter Herbert, company secretary,

has become finance director. Mr Richard Derry, managing director of H.I. Derry (London), is made general manager of Heatsave on February 1 and Mr Richard Timson joins the board on April 1 as a non-executive director.

WALKER GREENBANK has made the following board re-organisation: Sir Anthony Joffe, chairman and chief executive; Mr John Pitt, executive deputy chairman; Mr Keith Waterfield, finance director; Mr Nicholas Brown and Mr Alan Carr, executive directors; and Mr Christopher Lee and Mr David Richards, non-executive directors. Mr Richards is deputy chairman of the Monopolies and Mergers Commission. Mr Waterfield was group commercial director at Fogarty, McDonald Hayes and Mr Neville Root will become chief executive of subsidiaries engineering and medicare operations.

Mr David D. Ankrett has been named as chief executive of MANDEERS industrial division. He was technical manager-powder coatings at Ferro. Mr Alan C. Playford has been appointed production director.

Following the capital injection by CATSCO of Australia, TORCH COMPUTERS has made the following appointments: Mr Peter Fennell, managing director of Torch, is releasing Mr Tim Lovden, a director of NVC, until early in 1988, to carry out the role of chief executive of Torch in addition to his position as chairman. Mr Ray Anderson, technical director at Torch, is being appointed a specialist consultant to the board with responsibility for new ventures and will become a non-executive director.

Mr Robert Carrall has been appointed to the board of ASPEN COMMUNICATIONS, following the retirement of Messrs R. E. Adams and Morgan Grampan where he was group production director.

Mr A. Raymond Lewis has become chairman and chief executive of the FLAZER-NASH GROUP, following the retirement of Mr E.D. Adams. Mr Lewis was group managing director.

Mr Ray Miles has been appointed chief executive officer of CANADA MARITIME SERVICES, based at Horley, Surrey. He succeeds Mr Jacques Dewilde on March 1. The company is a joint venture between Canadian Pacific, Montreal, and CBM, Antwerp. Mr Miles joins from the Scandinavian-owned container management company GEM, where he was managing director.

Joining the board of YALE AND NUTONE INC., of Cincinnati, Ohio, as non-executive directors are: Mr Joseph Kahn, group vice president of S.M. Kohny; Mr Dale Lang, publisher and equal partner with Time Inc. in the ownership of "McCall's", "Working Woman" and other magazines; and Mr L. John Clark, partner and shareholder in Transnational Capital Ventures Inc. Yale and Nutone is a US subsidiary of the UK company Yale and Valor.

ABRASIVE DEVELOPMENTS has appointed Mr John Fenby to the new post of business development director.

Legal chief at Vickers

VICKERS has appointed Mr Andrew John staff director, legal affairs. He remains head of the group legal department but will now also lead Vickers contracts and purchasing departments with responsibility for advising the board on the formation, implementation and appraisal of legal and contracting policy.

CONCORDE ENERGY has appointed as non-executive directors Mr Charles Longbottom and Mr Dennis Bissam. Mr Longbottom is a part time member of the board of British Shipbuilders. Mr Bissam is president of Kelt Energy Inc. US.

CCL FINANCIAL GROUP has appointed Mr John Delachertie as London area director responsible for developing the group's business through independent intermediaries and company representatives. He was south-east branch manager at Imperial Trident.

Mr Peter Blackmore has been appointed marketing director of RANK XEROX (UK). He was director of strategic business development.

At CAMBRIDGE ELECTRONIC INDUSTRIES Mr Trevor E. Thresher has become divisional managing director of the defence and instrumentation division and a member of the management committee. He was managing director of Newmarket Microsystems, one of the group's subsidiary companies, operating in the interconnection technology division.

YAMAICHI INTERNATIONAL (EUROPE) has appointed Mr Tony Furlong as director, personnel and marketing. He was formerly with Legal and General Investment Management.



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Arranged and Managed by BARCLAYS de ZOETE WEDD

December 1987

PRIESKA COPPER MINES (PROPRIETARY) LIMITED Declaration of Interim Ordinary Dividend No. 9 The following interim dividend has been declared for the year ending 30 June 1988: Interim ordinary dividend No. 9 of 8 cents per ordinary share.

The Kingdom of Belgium £100,000,000 Floating Rate Notes due 1994 In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 15 January 1988 to 13 April 1988 the Notes will bear a Rate of Interest of 9 3/4% per annum.

GRANVILLE SPONSORED SECURITIES Table with columns: High Low, Company, Price, Change, Div, Yield, YTD. Lists securities like Am. Int. Ind. Dividend, Am. Int. Ind. C.O.L.S., etc.

MANAGEMENT

THE STAGES BY which high technology companies grow is now familiar to any student of management. Most exciting is the adolescent phase of helter-skelter growth dominated by the energies of the founding group of entrepreneurs.

When they get beyond a certain size, however, this structureless approach becomes inadequate; they need to import more of the trappings of mature companies.

It is not so often appreciated that this process of high tech maturity applies not just to the glamour end of the business — the hardware and software companies whose products fuel revolutions such as that ushered in by the personal computer; it also applies to the range of service, support and distribution companies formed in their wake.

A case in point is P&P Micro Distributors, based in the mill country of Rossendale, Lancashire. That it was one of the first companies in Britain to wake up to the opportunities of distributing personal computers was entirely due to the foresight of its founders: Pam and Peter (hence the P&P) Fisher.

They were social workers who were seized by the potential of personal computers during early exposure to Apple's machines at their work in 1980. Certain that desktop computing would catch on in Britain, they began by going to the US and importing Apple software in suitcase.

Their business boomed as rapidly as the use of personal computers itself. Between 1982 and 1984, turnover doubled almost every year. Profits too were on a steady

Response to growth

Bringing in the professionals

David Thomas on P&P Micro Distributors' evolving strategy

upward trend. When they outgrew their original base in Stretchley, south London, they added a second in the pleasant surroundings of Rossendale, allowing the company to deliver to any customer in the country within 24 hours. They also acquired a third partner, Chris Gillard, along the way.

By 1984, however, the founders felt the company was slipping out of their control. It was getting too big to be run in an ad hoc way. They called in Coopers & Lybrand to advise them on how to put the concern onto a more settled footing.

One result of the review was the decision to bring in outside professional management. The founders, although they still own almost all the shares in the company, decided to take more of a backseat role, leaving them free to try their hands at other ventures outside the company. Peter Fisher still acts as non-executive chairman, but the other two have all but severed their day-to-day links with the company.

David Southworth, now managing director, joined from Coopers & Lybrand with the job of devising a thorough business plan. The 1985 results showed how necessary this was: although P&P continued to expand, for the first time in its short history it

	P & P MICRO DISTRIBUTORS					
	1982	1983	1984	1985	1986	1987*
	£m	£m	£m	£m	£m	£m
Turnover	4.5	8.7	16.2	25.4	36.1	70.0
Pre-tax profit	0.6	1.0	1.3	1.7	2.0	4.0

grew less rapidly than the market as a whole. Southworth says that P&P needed "a far more structured approach to business" as it continued to grow; it now has more than 200 staff and is on course for £50 by the end of this year. At the same time, the company has tried to retain P&P's original speed of response to the marketplace; "we have tried to blend the old with the new," Southworth explains. Three factors have been at the heart of the new approach.

● Clear lines of responsibility have been laid down within the company. While the founding entrepreneurs used to handle much of the business themselves, new directors have been brought in for sales, products, technology and finance.

More structure has been introduced at lower levels, too. In place of the previous scatter-gun approach to marketing, Southworth says, there are now regionalised sales forces with clear focuses. ● P&P began to shift the nature of its customer base. In the past, its business was split roughly evenly between its role as a distributor (selling to dealers) and its role as a dealer (selling direct to end users in companies). "We'd sell to anyone who asked us," Southworth says. The company decided that distribution, not dealing, was where its future lay because that route offered larger volumes and was more stable. But to effect the change, it needed to build up a larger and more loyal set of dealers for, as Southworth puts it, "the dealers want to grow in their own right and not face competition from us."

The proportion of its busi-

ness coming from selling direct to end users is now down to 30 per cent and Southworth hopes it will fall further to 20 per cent. P&P wants to keep only large blue chip companies as its direct customers.

● The change in marketing priorities brought with it a change in the services to be offered — a move towards what Southworth calls high value added distribution. Southworth believes that competition in the future in the corporate microcomputer world will centre less on cut-throat pricing, although that will always be a feature, and more on back-up services, like training, network advice, and sales, technical and consultancy support. P&P is busy investing in being able to provide its dealers with precisely these services. Similarly, it is becoming more expert in areas like networking as technology blurs the distinction between personal and departmental computing.

Southworth sees these trends, and others such as the increased tendency for manufacturers to go through dealers rather than sell direct to end users, as evidence that the personal computer market is entering a more mature phase.

A sign that P&P's new strategy was working came in the middle of last year when IBM, the UK market leader in corporate microcomputers, chose P&P as one of its smaller computer distributors (previously P&P had been only a dealer for IBM). Tony Hill, director of distribution for IBM in the UK, explaining that IBM is evolving its distribution strategy in the fast changing micro market, says that P&P is particularly valuable to it in acting as a distributor for its smaller dealers: "P&P can offer daily turnaround in small vol-



David Southworth: joined to devise a business plan

Management abstracts

Integrating information systems into business strategies, J M Ward in Long Range Planning (UK), June 87 (7½ pages)

Demonstrates how information systems have progressed from a supportive to an integral business role, and now exert a positive influence on increasing business competitiveness. To obtain maximum value, therefore, it is essential to apply the concept of strategic analysis to IS strategy development; examines strategic alternatives, and discusses how IS application portfolios can be analysed, classified and prioritised in terms of business importance rather than technical peculiarities.

A shorter working week, W de Lange & M Boumans in M & O (Netherlands), May/June 87 (12 pages, in Dutch, English version available)

Reports on the introduction of a 4-day working week into seven Dutch companies, providing a fair amount of detail — notwithstanding certain problems — pronouncing the move a success. Thinks much of the credit must go to the simultaneous reduction of hours to 36 a week, and compares this with US reports that there the 4-day, 40-hour scheme has not been taken off. In the Netherlands, only one of the seven introductions failed; in the other six instances, both management and the workforce seem well satisfied.

Developing the skill of time management, T McConlogue in Management Decision (UK), Vol 25 No 1 (3½ pages)

Contends that while managers say they want to save time, they often unconsciously waste it in order to avoid facing up to some of the unpleasant realities of the job — and that time-wasting activities (phone calls, interruptions, long meetings), about which they complain, are an important cover under which they can hide. Sets out a procedure for developing time management skills, involving data collection, stress point identification, and support system assessment.

These abstracts are condensed from the abstracting journals published by Anker Management Publications. Licensed copies of the original articles may be obtained at a cost of £6 each (including VAT and postage) from Anker, PO Box 23, Wexley HA9 0SL.

Michael Skapinker

ARE ELDEST children more likely to reach the top of the corporate ladder than their younger brothers and sisters?

A survey published this week revealed that an overwhelming proportion of British managers are eldest sons or daughters, or only children.

The survey, published by the British Institute of Management and reported earlier this week, dealt primarily with issues like the demand for management education and whether managers would prefer to work for themselves rather than for large companies.

But hidden away inside the survey are some revealing details about the family background

and circumstances of British managers. Gillian Peppercorn and Gill Skoulding, who carried out the survey, say that previous research had already shown that eldest sons and daughters tended to be more ambitious than other children.

Peppercorn and Skoulding warn that further investigation is needed before any general conclusions can be drawn from their own research, but of the 3,000 managers they surveyed, 49 per cent were eldest sons or daughters. A further 17 per cent were only children.

The figures were similar for both male and female managers.

Forty-nine per cent of the men were eldest sons and 18 per cent were only children. Of the women managers surveyed, 51 per cent were eldest daughters and 13 per cent were only children.

Peppercorn and Skoulding found that women managers were as satisfied with their jobs, pay and prospects as their male counterparts. They were, however, more likely than men to believe that their workload was too heavy. They were also

less satisfied with the way their superiors communicated with them.

The most striking difference between the sexes was that a far higher proportion of the women managers was single.

Only 9 per cent of the men surveyed were married and a further 5 per cent were widowed, divorced or separated. The remaining 86 per cent were married.

Of the women managers surveyed, 33 per cent said they were unmarried, 19 per cent were widowed, divorced or separated and 48 per cent were married.

The managers surveyed were asked how often they discussed their jobs outside work. Three out of five said they discussed work frequently with their spouses or partners. Very few said that they never did.

Of those managers with children, two out of three discussed their jobs with them occasionally. One in eight said they did so often. As many as one in five said they never discussed their work with their children.

They were also asked whether they thought that their children had

acquired, through their parents' work, a positive or negative impression of management as a career. Two out of three managers said they thought their jobs had given their children a positive picture of management as a career.

Only 7 per cent thought it had given their children a negative image of management.

What careers did they think their children should pursue?

Forty-five per cent said they would be pleased if their children decided they wanted to be manag-

What background makes a manager?

TECHNOLOGY

Out from under the paperwork mountain

Alan Cane examines the world's most advanced electronic office project

A £2m "electronic office" — more advanced than any yet seen, either in the US or Europe — is in the latter stages of construction just off the Strand in the heart of London.

The result of an 18 month experiment called Atol (Automation, Technical and Operations Laboratory), it has been pioneered by management consultants Arthur Andersen to demonstrate that modern technology is ready to cope with the volume and complexity of the information required and generated by major technical projects.

Atol was created by Arthur Andersen's Chiswick centre in west London. Now it is being moved to the company's headquarters as the focus of an exhibition which is expected to draw visitors from all over Europe.

The exhibition is aimed at major companies in the engineering, manufacturing, defence and offshore oil businesses, which have a powerful need for new ways of managing their technical information.

Eventually, however, the consultancy hopes to use the lessons it has learned from Atol in industries such as insurance and banking.

It has identified four headings which afflict major technical projects. These are: ● The volume of written material generated during

such projects can be enormous. The paperwork generated for the construction of a major offshore structure such as an oil rig may weigh as much as the rig itself. Piled up, the documentation might reach twice the height of the rig.

The proposed Channel Tunnel, for example, is expected to generate some 2m documents in French and English during the design phase alone. Arthur Andersen has been working with the contractors to develop methods of dealing with this mountain of detail.

● The information comprises a wide variety of types of data and kinds of media on which it is stored. Andersen has been working with the UK group Vickers Shipbuilding and Engineering (VSEL), the US electronics company Tektronix and the consultancy Vector Pal to develop methods of scanning electronically hand-drawn parts diagrams which, complete with hand-written annotations, can then be stored in a computerised database.

● There are complex relationships between the various forms of data — for instance, between drawings, specifications, calculations and quality assurance schedules.

Arthur Andersen, as a direct result of its experience with Atol, has a contract with the West German electricity supply utility to convert some

20,000 local authority maps into computer retrievable form. Each house on each map has to be identified and given a code number so that it can serve as a reference for the electricity supply network.

Manually, it would take six hours to scan each map and feed it into the computer system. Andersen reckons its automated scanning techniques have cut the time to two hours a map, a saving over the life of the project, of 30 man-years of effort.

● There are usually a very large number of players — designers, contractors, suppliers and so on — involved, each of whom has to be supplied with the latest version of the plans.

Paul Bradford, manager in charge of the Atol project, says: "People are often working from out-of-date designs or plans. The cost can be very high. One oil company calculated that it cost it a total of £1m to put right the problems caused by sending the wrong spare part to an offshore oil rig."

Arthur Andersen has taken the role of systems integrator for Atol, putting together a mixed bag of hardware and software and writing special computer programs to create a seamless whole.

The hardware and software has been supplied free by the manufacturers. It includes



Paul Bradford, project manager of Arthur Andersen's Atol systems integration centre. It is hoped that lessons learned will be used in industries such as engineering and finance.

document scanners from Dest, Canon, Plexus and Tektronix, computer hardware from Digital Equipment, computer aided design equipment from Apollo, networking from Ungermann-Bass, Fibronics, Novell and GEC, workstations from Apollo and Compaq, hand-held computers from Husky and micrographics equipment from 3M.

Software includes artificial intelligence (Smalltalk and Prolog) computer aided design (Pafec, Cadcentre and AutoCAD), relational databases (DB2, Oracle and Ingres) and project management (Artemis).

This list of manufacturers of integrated equipment (connected together so that words, images or diagrams created in any part of the sys-

tem can be transported to any other part of the system without fault or loss) is, in itself, remarkable.

Arthur Andersen would seem to have achieved integration at two levels. First, between equipment made by separate manufacturers — itself a difficult technical task — and second, between information and functions.

"Rather than defining technologies as being computer-aided design, artificial intelligence or optical disks," Arthur Andersen argues, "we have said that at the most fundamental level, technologies can be grouped together by data types."

For example, computer aided design technologies have traditionally focused on graphics, whereas word pro-

cessing has focused on text. Once bridges are built between these technology groups, the integration of information becomes possible.

Arthur Andersen is an old hand at creating exhibitions to demonstrate its skills in integrating modern technologies. This will be the third year it has built and run a miniature factory to demonstrate computer integrated manufacturing (CIM).

The intention is eventually to link the Atol technical information project directly to the CIM factory to manufacture a product. A small modelling robot in Arthur Andersen's home town of Chicago will be driven by instruction generated in London.

Andersen finds a route through barriers to systems integration

ANDERSEN'S Atol project marks a significant staging post in what is proving to be a long and difficult journey towards the electronic office — where paper is largely replaced by electronic images.

It has shown that there are ways of overcoming one of the major obstacles — the fact that systems from different manufacturers do not work easily together if at all.

Awareness in large companies that this incompatibility was hindering their ability to build the kinds of data processing systems best suited to their needs was a major factor in the drive towards

Open Systems Interconnection (OSI). This is a set of connection rules designed to ensure that equipment from all manufacturers obeying the rules can be connected to and can communicate together.

General Motors has been the main force behind the manufacturing industry version of OSI, MAP (Manufacturing Automation Protocol), while Boeing Corporation has sponsored another version more suited to the management of technical documentation, TOP (Technical Office Protocol).

All these sets of rules define the physical ways systems have been

connected together and detail the way information is handled as it flows through the network.

So has Arthur Andersen reinvented the wheel? Why is Atol an advance on TOP?

As Paul Bradford, Atol's project manager, explains, the definition of the rules in TOP are a long way from complete and agreed. Atol, therefore, uses such standards as are available and improvises where there are gaps.

The communications backbone, for example, is Ethernet, a

high-speed local area network which is also the basis of the TOP approach.

But the movement of data and messages across the network requires rules and procedures which are not yet defined by TOP. So Arthur Andersen uses de facto rules that emerged from the US Department of Defense ARPANET computer networking project.

This networking approach is claimed to overcome the problem of linking applications across a wide range of systems and to support the rapid and accurate transmission of large volumes of data.

WORTH WATCHING

Edited by Geoffrey Charlsh

Argonne switches into superdrive

ALTHOUGH NO more than a scientific novelty at this stage, a superconducting electric motor, claimed to be the world's first, has been designed and built at Argonne National Laboratory in the US.

The motor is based on a fundamental property of superconductors, but not the widely publicised phenomenon that they lose their electrical resistance at low temperatures. Instead, advantage is being taken of the fact that the superconducting material also tends to expel magnetic fields. Thus a magnet brought close to it is pushed away.

The Argonne team, under physicist Roger Poepfel, constructed an 8.5 inch aluminium disc with 24 small electromagnets around the bottom of the outer edge. The ring of electromagnets rotates above two pads made from the new yttrium barium copper oxide superconductor.

Each electromagnet is switched on as it is passing a pad and the pad responds by pushing the electromagnet away, further rotating the disc in the process. Liquid nitrogen cools the whole assembly.

The rudimentary motor produces very little mechanical power, however, and practical motors may well take other forms.

BNF strengthens metals research

NEW RESEARCH at the BNF Metals Technology Centre in the UK, supported by 14 companies from eight countries, is aimed at developing cheaper production processes for metal matrix composites (MMC).

These materials, light alloys with embedded non-metallic fibres, have exceptional strength-to-weight ratios but are labour intensive to manufacture.

The BNF sponsors will spend \$0.75m over three years in an attempt to apply a previously developed technique for fibre infiltration to a semi-continuous (or possibly continuous) production method for MMC sheet.

If successful, the process could result in sharp cost reductions and open up new applications for the material.

Acid test for heat exchangers

HEAT EXCHANGERS, made from a material composed of graphite and fluoropolymer, have been developed jointly by Alfa Laval of Sweden and SIGRI of West Germany, part of the Hoechst chemicals group. These devices are used in industry to reclaim heat from working fluids.

The SIGRI material, called Diabon F, is being used in a plate heat exchanger design. It can withstand temperatures up to 140 deg C at six atmospheres pressure, and can be used to reclaim heat from highly corrosive fluids like industrial acids.

BIS sees electronic sales expansion

BIS Mackintosh, the electronics market research group, recently polled readers of its newsletter, and found that over half are expecting sales in the industry to grow by more than 10 per cent in 1988. A quarter of them expect an increase of 15 per cent.

Telecoms continues to move ahead strongly, with a predicted sales rise of 34 per cent. Computers and office products are a long way behind with 19 per cent, followed by software (17 per cent) and recording media (magnetic and optical) at 11 per cent.

Asked what they thought would inhibit growth, 42 per cent cited the general economic climate, while 21 per cent quoted lack of agreement on standards. Optical storage is the technology expected to make the most significant contribution to market development over the coming year.

CONTACTS: Argonne National Laboratory, US, (312) 972 8200. BNF Metals Technology Centre, UK, (02867) 2392. Alfa Laval, London office, 060 1121. BIS Mackintosh, UK, 0882 40667.

COMMODITIES AND AGRICULTURE

UK farmers' union seeks green pound devaluation

BY DAVID BLACKWELL

THE NATIONAL Farmers' Union is stepping up its campaign for the devaluation of the green pound by about 9 per cent as the next EC price fixing...

The full 20 per cent would add only 1p to the price of a loaf of bread, but would add \$800m to farm incomes over the year.

China gives tin exports assurance

By Wong Sotung in Kuala Lumpur

CHINA HAS given an assurance to the Association of Tin Producing Countries that its "run-away" exports of last year will not be repeated.

Alastair Guild on the growing interest in shrimp farming Bangladesh's seafood Eldorado

THE STRETCH of coast from Chittagong in the north to Teknaf at the southern most tip of Bangladesh is fast attracting the attention of big business...



There is also concern among shrimp producers at the increase in tax on this land. On ordinary paddy fields, the tax is Tk120 an acre...

US plans grasshopper defence

BY NANCY DUNNE IN WASHINGTON

NINE US agencies have joined forces in hope of preventing a repeat of the devastating grasshopper plagues which struck the American West in 1985 and 1986.

With millions of grasshoppers feasting on already drought-stressed crops, the US Department of Agriculture was forced to declare a national emergency...

LME to trade nickel in dollars

By David Blackwell

THE LONDON Metal Exchange is to switch nickel trading from sterling to dollars from February 1.

EC pays for fish talks delay

BY TIM DICKSON IN BRUSSELS

THE FINANCIAL implications of the European Community's failure to negotiate a new fisheries agreement with Morocco became clear yesterday when the European Commission announced compensation of Ecu3m (£2.07m) per month for those Spanish and Portuguese fishermen affected by the hold up.

Minor metals guidelines to be circulated

MOST MINOR metal trading is not covered by the Financial and Markets Act 1971. The Metals Traders Association members do not need to seek approval under the Act...

Indian weavers plan production cut

BY R.C. MURTHY IN BOMBAY

THE INDIAN cotton textile industry is proposing a six-day week in response to the cotton shortage. India's cotton crop estimate this year is said to be down by nearly 1m bales of 170 kg to 9m bales following drought in several states and unseasonal rains in others.

Textile mills fear cotton prices will double after June, when the lean season starts. The Indian Cotton Mills Federation has asked the Government to allow the import of 1m bales of cotton and 20,000 tonnes of viscose staple fibre to supplement domestic stocks and halt the price spiral.

Port strike arbitration recommended

BY DAVID OWEN IN TORONTO

Mr William Kelly, the Canadian Government's labour mediator, has ended his attempts to settle the five-week-old grain handlers strike by recommending that the dispute be referred to binding arbitration.

Mr Pierre Cadieux, the Labour Minister, may seek to implement binding legislation if the two sides fail to resolve their differences shortly.

WORLD COMMODITIES PRICES

Table with multiple columns: LONDON METAL EXCHANGE, US MARKETS, CHICAGO, COFFEE, RUBBER, SUGAR, POTATOES, SOYABEAN MEAL, GRAIN, COTTON, and various other commodity prices.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows little change

TRADING WAS confined to a very narrow range in currency markets yesterday, ahead of today's release of US trade figures for November.

Most traders expected a reduction from the October's record deficit of \$17.85bn. However, so many projections had been put forward that dealers decided to take the safe option and remain square.

STERLING-Trading range against the dollar in 1987/88 is 1.6785 to 1.4716. December average 1.6288. Exchange rate index 150.9 against 144.7 six months ago.

While traders were reluctant to carry exposed positions ahead of today's trade figures, most remained distinctly bearish.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 169.45 to 121.25. December average 158.45. Exchange rate index 240.7 against 212.6 six months ago.

FINANCIAL FUTURES

Signs of retail interest

TODAY'S FIGURES on US trade in November continued to dominate all other factors in importance, as far as financial markets were concerned.

detected a bear squeeze on the market, and also some revival of retail interest, involving building societies and other investing institutions.

average earnings, and worse than expected unemployment figures. In different circumstances there may have been more alarm at an annualised rise of 8 1/2 p.c. in average earnings in November, compared with 8 p.c. in October.

IN NEW YORK

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include 1 month, 3 month, 6 month, 12 month.

STERLING INDEX

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include 1 month, 3 month, 6 month, 12 month.

CURRENCY RATES

Table with columns for Jan 13, Jan 12, and Jan 11. Rows include Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include Argentina, Brazil, Hong Kong, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Currency, % change, % change adjusted for inflation, % change in price level.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include 1 month, 3 month, 6 month, 12 month.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include 1 month, 3 month, 6 month, 12 month.

EURO CURRENCY INTEREST RATES

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include 1 month, 3 month, 6 month, 12 month.

EXCHANGE CROSS RATES

Table with columns for Jan 14, Jan 13, and Jan 12. Rows include 1 month, 3 month, 6 month, 12 month.

FINANCIAL FUTURES

Table with columns for Strike, Call-put, Put-Call, etc. Rows include 100, 110, 120, etc.

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The Sixth FT City Seminar. Plaisters Hall, City of London. 11, 12 & 15 February, 1988.

For information please return this advertisement, together with your business card, to: FT FINANCIAL TIMES CONFERENCES.

Financial Times Conference Organisation, 125 Jermyn Street, London SW1Y 4JL.

COMMERCIAL PROPERTY IN WEST END & VICTORIA

The Financial Times proposes to publish the above survey on Friday 26th February 1988.

For further information and Editorial Synopsis please call Joe Bell on 01 248 0769.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

IG INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0DD. Tel: 01-828 7233/5699.

MONEY MARKETS

Softer tone

INTEREST RATES had a slightly softer tone on the London money market yesterday, as dealers maintained a positive attitude ahead of today's US trade figures.

FT LONDON INTERBANK FIXING

Table with columns for 1 month, 3 month, 6 month, 12 month. Rows include 1st fix, 2nd fix, 3rd fix.

MONEY RATES

Table with columns for 1 month, 3 month, 6 month, 12 month. Rows include 1st fix, 2nd fix, 3rd fix.

NEW YORK

Table with columns for 1 month, 3 month, 6 month, 12 month. Rows include 1st fix, 2nd fix, 3rd fix.

LONDON MONEY RATES

Table with columns for 1 month, 3 month, 6 month, 12 month. Rows include 1st fix, 2nd fix, 3rd fix.

FT LONDON INTERBANK FIXING

Table with columns for 1 month, 3 month, 6 month, 12 month. Rows include 1st fix, 2nd fix, 3rd fix.

MONEY RATES

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NEW YORK

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\$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below shows the latest available rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 13, 1988.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability.

Enquiries: 01-634 4360/5. Dealing: 01-236 9861. 71-06-4

ECU-\$US1.269 SDR1-\$US1.39058 As of January 13, at 11.00 a.m.

3 months 73 6 months 73 Eurodollar Libor: 73 Sibor: 73

Large table with columns for COUNTRY, CURRENCY, VALUE OF DOLLAR. Rows include Afghanistan, Albania, Algeria, etc.

Not available. (a) Market rate. (b) US dollar per National Currency unit. (c) Financial rate. (d) Official rate. (e) Floating rate. (f) Commercial rate. (g) Financial rate. (h) Financial rate. (i) Financial rate. (j) Financial rate. (k) Financial rate. (l) Financial rate. (m) Financial rate. (n) Financial rate. (o) Financial rate. (p) Financial rate. (q) Financial rate. (r) Financial rate. (s) Financial rate. (t) Financial rate. (u) Financial rate. (v) Financial rate. (w) Financial rate. (x) Financial rate. (y) Financial rate. (z) Financial rate. (aa) Financial rate. (ab) Financial rate. (ac) Financial rate. (ad) Financial rate. (ae) Financial rate. (af) Financial rate. (ag) Financial rate. (ah) Financial rate. (ai) Financial rate. (aj) Financial rate. (ak) Financial rate. (al) Financial rate. (am) Financial rate. (an) Financial rate. (ao) Financial rate. (ap) Financial rate. (aq) Financial rate. (ar) Financial rate. (as) Financial rate. (at) Financial rate. (au) Financial rate. 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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Feb 88, May 88, Aug 88, and Stock. Lists various financial instruments and their prices.

BASE LENDING RATES

Table listing various banks and their base lending rates for different terms and currencies.

WEEKEND FT CLASSIFIED ADVERTISEMENT RATES

Table showing rates for different types of classified advertisements, including Residential Property, Personal, and Business.

FT CROSSWORD No. 6,530

Crossword puzzle grid with numbers indicating the start of words.

ACROSS and DOWN clues for the crossword puzzle, including 'Clairvoyant eating mythical bird' and 'Bill comes in to lose colour in front'.

Solution to Puzzle No. 6,529

Grid solution for puzzle No. 6,529 with words like STACKBOTS, ARABLE, and CLAIRVOYANT.

AUTHORISED UNIT TRUSTS

Large table listing numerous authorized unit trusts, including names, managers, and other details.

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts including 'Scholar Acad Management Ltd', 'Scottish Equitable Fund Mgt Ltd', and 'Scottish Provident Ins. Mgt. Ltd'.

Table listing various unit trusts including 'Tudor Cities Unit Trust Managers', 'Tudor City Mgt. Ltd', and 'Tudor City Unit Trust Managers'.

Table listing various unit trusts including 'American Life Insurance Co UK', 'Central Medical Managed Funds Ltd', and 'Fidelity Assurance Limited'.

Table listing various unit trusts including 'Fidelity Assurance Limited', 'Fidelity Assurance Limited', and 'Fidelity Assurance Limited'.

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Table listing various unit trusts including 'Standard Life Trust Mgt Ltd', 'Standard Life Trust Mgt Ltd', and 'Standard Life Trust Mgt Ltd'.

INSURANCES

Table listing insurance companies and their details, including 'AA Prudential Society', 'Alliance Life Assurance Co Ltd', and 'Alliance Life Assurance Co Ltd'.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various fund categories such as 'Swiss Life Assurance Co Ltd', 'Standard Life Assurance Co Ltd', 'Sun Alliance Insurance Group', 'Windsor Financial Services Ltd', and 'Windsor Investment Management Ltd'. Each entry includes fund names, performance metrics, and contact details.

MANAGEMENT SERVICES

Table listing management services provided by various firms, including names of managers and their respective companies.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment opportunities, including fund names, locations, and performance data.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Manager, Assets, and other details.

LONDON SHARE SERVICE

Table of London Share Service listing various funds and shares with columns for Name, Price, and other details.

Table of Money Market Trust Funds and Bank Accounts listing various financial products with columns for Name, Price, and other details.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as 3M, Amgen, and Amstar, with columns for stock price and percentage change.

CANADIANS

Table listing Canadian companies such as Alcan, Bell Canada, and Canadian National, with columns for stock price and percentage change.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as American Express, Citicorp, and First Interstate.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Anheuser-Busch, Heineken, and Schlitz.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bechtel, Fluor Daniel, and Parsons Brinckerhoff.

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Table listing construction and infrastructure companies such as Bechtel, Fluor Daniel, and Parsons Brinckerhoff.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as Amchem, Celanese, and Eastman Chemical.

DRAPERY AND STORES

Table listing retail and apparel companies such as J. J. Brinkerhoff, J. Van Meter, and J. W. Child.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bechtel, Fluor Daniel, and Parsons Brinckerhoff.

DRAPERY AND STORES - Contd

Table listing retail and apparel companies such as J. J. Brinkerhoff, J. Van Meter, and J. W. Child.

ELECTRICALS

Table listing electrical and utility companies such as American Electric Power, Duke Energy, and Edison International.

DRAPERY AND STORES

Table listing retail and apparel companies such as J. J. Brinkerhoff, J. Van Meter, and J. W. Child.

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ENGINEERING - Contd

Table listing engineering and technology companies such as Boeing, General Electric, and Honeywell.

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INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as Amgen, Amstar, and Amchem.

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INSURANCES

Table listing insurance companies such as American International, American Overseas, and American Republics.

LONDON SHARE SERVICE

INSURANCES - Contd. Table listing various insurance companies and their share prices.

LEISURE. Table listing leisure-related companies and their share prices.

MOTORS, AIRCRAFT TRADES. Table listing companies in the motor and aircraft sectors.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING. Table listing companies in the printing and advertising industries.

SHOES AND LEATHER. Table listing companies in the footwear and leather goods sectors.

SOUTH AFRICANS. Table listing companies from South Africa.

TEXTILES. Table listing textile companies.

PAPER, PRINTING, ADVERTISING - Contd. Continuation of the previous table.

PROPERTY. Table listing real estate and property-related companies.

SHIPPING. Table listing shipping and maritime companies.

SHOES AND LEATHER - Contd. Continuation of the previous table.

SOUTH AFRICANS - Contd. Continuation of the previous table.

TEXTILES - Contd. Continuation of the previous table.

TOBACCO. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table listing companies in the trusts, finance, and land sectors.

TRUSTS, FINANCE, LAND - Contd. Continuation of the previous table.

TEXTILES - Contd. Continuation of the previous table.

TRUSTS, FINANCE, LAND - Contd. Continuation of the previous table.

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OIL AND GAS - Contd. Table listing oil and gas companies.

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MINES - Contd. Table listing mining companies.

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OVERSEAS TRADERS. Table listing overseas trading companies.

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PLANTATIONS. Table listing plantation companies.

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MINES. Table listing mining companies.

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THIRD MARKET. Table listing third market trading.

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REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

REGIONAL & IRISH STOCKS - Contd. Continuation of the previous table.

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TRADITIONAL OPTIONS. Table listing traditional options.

TRADITIONAL OPTIONS - Contd. Continuation of the previous table.

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LONDON STOCK EXCHANGE

Government bonds rebound and equities improve as City awaits US trade figures

Account Dealing Dates table with columns for First Declared, Last Declared, and Account Dealing.

THE UK SECURITIES markets displayed cautious optimism yesterday as the City steeled itself for the US trade figures for November, due in London at 1.30pm GMT today.

Speculative fever remained high in oil shares as British Petroleum published its formal offer worth £2bn plus for Britoil. The share exchange terms were slightly disappointing, and market traders are convinced that "the game isn't over yet".

caught some marketmakers by surprise. The reappearance of 10 per cent yields on both the medium and long-dated bonds brought in some retail interest, and prices responded readily despite the weight of stock taken by the marketmakers at Wednesday's unsatisfactory auction of £1bn Treasury 8 1/2 per cent 1997 stock.

rumours, later categorically denied, that ASDA-MPI may be contemplating a counter-bid. Mr David Granaty, an ASDA director, denied any interest at ASDA in entering the bid battle, but did not rule out interest in some of Dee's superstores should they come on the market.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Securities, Fixed Interest, and S.E. Activity with columns for Jan 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1987/88, and Stock Completion.

Day's High 1407.1 Day's Low 1398.0

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0998 123001

managed a minor improvement at 257p, after 256p, and were only slightly disturbed by comment on the results announced on Wednesday by fellow electrical goods retailer Dixons, the latter were a fraction easier at 186p after the wholesale profits downgradings by leading securities houses.

orders from one major securities firm, endorsing its positive view of the group, had an impact and the shares rose 8 to 137p. AMEC attracted good support amid talk of a broker's recommendation and firmed 6 to 334p.

activity in the leading stores was on a much smaller scale than of late. Sears, currently bidding for Freemans, were a firm market first thing and eventually closed up 3 at 332p following a substantial traded options business.

from the US of an increasing incidence of AIDS among babies in New York. London International, the condom maker, said it was a fair measure of support and closed 8 to the good at 287p.

International stocks made a reasonably bright showing, but trading conditions were described as "slow". BLOX firmed 17 to 966p, while GIC, up 5 at 306p, drew comment from the chairman's statement at the annual meeting. Elsewhere, Pearson reacted 38 to 758p in the wake of Mr Rupert Murdoch's statement that he had no intention of using his increased stake (near 20 per cent) to make a takeover offer for the company.

to 205p. A profits downgrading by Waburg Securities upset demand and the shares slipped 7 to 161p. Mike Murphy, packaging analyst at the securities house, has revised his forecast for 1987 by 55m to 457m because of the currency (US dollar) impact. This year's estimate has been lowered from \$110m to \$90m. Advertising Agencies met with mixed fortunes. Dayman Pearce responded to the profits forecast which accounted for a major acquisition, rising 7 to 108p.

Traditional Options table with columns for First Dealings, Last Dealings, and For Sale Indications.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT - ACTUARIES INDICES showing EQUITY GROUPS & SUB-SECTIONS and FIXED INTEREST with columns for Index, Change, and various sub-sections.

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS showing various options like ASSE, LAGM, and others with columns for Option, Calls, and Puts.

TRADING VOLUME IN MAJOR STOCKS

Table of TRADING VOLUME IN MAJOR STOCKS showing trading volume for various stocks like ASDA-MPI, British Petroleum, and others.

RISES AND FALLS YESTERDAY

Table of RISES AND FALLS YESTERDAY showing price changes for various stock categories.

LONDON RECENT ISSUES

Table of LONDON RECENT ISSUES showing details of newly issued securities.

FIXED INTEREST STOCKS

Table of FIXED INTEREST STOCKS showing details of fixed interest securities.

† 7p field, High and low; recent, base, values and movement changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Cannon Street, London EC4A 3DF, price 15p, by post 30p.

January 14 Total Volume 20,520,000 Shares, 19,070 Pounds 30,200 FT-Index 1398.0, FT-Index 1407.1, FT-Index 1398.0

Information that appears in the dealing lists of company's financial statements is prepared on the basis of the company's financial statements and is not intended to be used for any other purpose.

WORLD STOCK MARKETS

Table of World Stock Markets including sections for Australia, Canada, Europe, Japan, and New York. Each section lists various stock indices and their values.

CANADA

Table of Canadian Stock Markets including Toronto and Montreal sections with closing prices for various stocks.

Table of Japanese Stock Markets listing various Japanese companies and their stock prices.

OVER-THE-COUNTER

Table of Over-the-Counter market closing prices for various stocks, including Nasdaq and other OTC listings.

Indices

Table of various stock indices including Dow Jones, Nikkei, and other regional indices.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table showing price changes for various London-listed stocks such as British Airways, British Petroleum, etc.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo, including companies like Daiichi Kangaro, etc.

Advertisement for Financial Times featuring the headline 'Have your F.T. hand delivered in Norway' and contact information for Oslo.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main body of the table containing stock prices for various companies. Columns include stock name, price, and change. The table is organized into multiple columns for readability.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 36' and 'Over-the-Counter'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 36' and 'Over-the-Counter'.

OVER-THE-COUNTER Nasdaq national market, closing prices

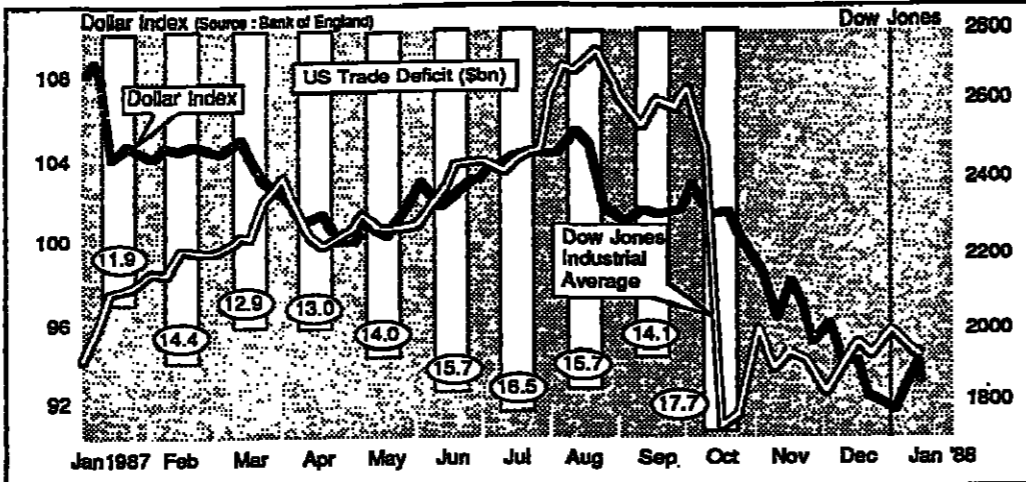
Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 36' and 'Over-the-Counter'.

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Fragile Dow fluctuates narrowly

Wall Street

THE EQUITY market continued to fluctuate with little overall direction in low activity prior to today's release of November US trade figures, writes Janet Bush in New York.



Bond prices were little changed from Wednesday's close. The Treasury's benchmark 8.875 per cent 30-year issue closed 1/8 point higher, yielding 9.03 per cent.

The underlying strength or weakness of the market is difficult to gauge given the dominance of expectations about the trade figures but many analysts see this week's sideways movement as a necessary consolidation period.

Blue chips were mixed. International Business Machines slipped 1/4 to \$116. General Electric added 1/4 to \$44 1/2. General Motors moved \$1 lower to \$62 1/2 and Philip Morris was \$1 1/2 higher at \$27 1/2.

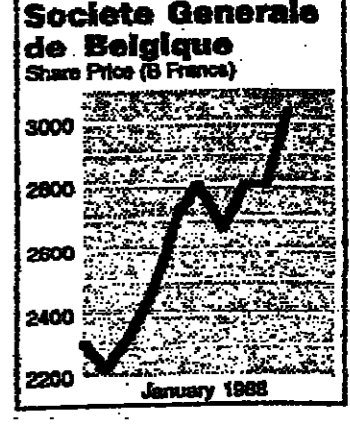
Deutsche Bank rumours pare gains in Frankfurt

London

EUROPEAN markets took a note of encouragement from the joint declaration in support of the dollar from the US and Japan, but investors generally stood aside, preoccupied with the outcome of today's US trade figures.

THE UK equity market finished fairly confident in the run-up to today's US trade data, with the FT-SE 100 index ending 10 higher at 1,748.4 after larger gains were trimmed.

Deutsche Bank was hailed back from a bright start to leave prices mixed on unconfirmed rumours that Deutsche Bank was to cut its dividend.



Belgium's Generale soars 6.5%

JUST FOUR months after apparently seeing off a nasty stabber of its shares, the bank has once again been turned on Société Générale de Belgique.

Currency agreement boosts Nikkei

Tokyo

BOOSTED by the US-Japanese moves to strengthen co-operation on stabilising the dollar, Tokyo share prices rallied strongly after the board yesterday, writes Shigeo Nishikawa of Jiji Press.

Three issues - Sumitomo Chemical, Kawasaki Steel and Ishikawajima-Harima Heavy Industries - rebounded sharply, aided by a push by Nomura Securities, Japan's biggest brokerage house.

TAIWANESE shares fell heavily following the death of President Chiang Ching-kuo. The weighted stock index lost 61.77, or 2.5 per cent, to 2,414.42 and two-thirds of the 145 issues traded fell 3 per cent, the maximum permitted.

Qiji Paper Y60 to Y1,200 and Dai Nippon Printing Y30 to Y2,500. Trading houses gathered around expectations of lower interest rates. Mitsubishi jumped Y25 to Y1,020, and C. Itoh added Y21 to Y661.

Company Notices

Barings B.V. Guaranteed Floating Rate Capital Notes due 2001. Includes details on interest rates and payment of principal and interest.

Company Notices section containing various notices including Barings B.V., KREDIETBANK, and various financial notices.

FT - ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Thursday January 14 1988, Wednesday January 13 1988, and Dollar Index. Lists various countries and their stock indices.

KOREA GROWTH TRUST International Depository Receipts. Details about the trust and its securities.

NOTICE TO BOND HOLDERS, RE A/S JYSKE BANK, and CLASSIFIED ADVERTISEMENT RATES. Includes financial notices and advertising rates.

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